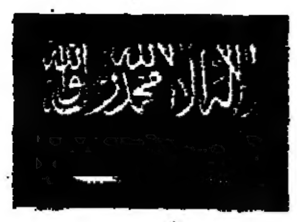
FINANCIAL TIMES



Saudi Arabia
Dhahran bomb: a cry for reform
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Supercomputers
Bugs bedevil US trade policy
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Identifying with the fans
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TOMORROW'S **Weekend FT**
Rebuilding Colossus

World Business Newspaper — FRIDAY JULY 26 1996

BAe and Matra win bid to supply missiles to UK

BAe and Matra of France won a £600m ($936m) contract to supply cruise missiles to the British government, in a deal which clears the way for the companies to complete the merger of their missile divisions. US aerospace giant Lockheed Martin and the General Electric Company lost out to British Aerospace for a £1.8bn contract to supply the UK with maritime patrol aircraft to replace the ageing Nimrod aircraft (above). Page 18; Defence contracts stay at home, Page 6; Editorial Comment, Page 17

International Business Machines followed Microsoft and Compaq Computer in reporting better than expected results, raising hopes of a recovery in technology shares. Shares in the world's largest computer group rose 10 per cent after second-quarter earnings of $1.3bn compared with $1.7bn a year ago. Page 15; World stocks, Page 36

Bundesbank rejects rate cut: The Bundesbank surprised financial markets by not lowering its securities repurchase rate after signalling a planned cut to shore up the dollar and help the hesitant German economy. Page 2

Commerzbank profits up 48%: Profits at Germany's third biggest commercial bank, Commerzbank, jumped 48 per cent to DM1.32bn ($887m) in the first six months and said rapid growth was expected to continue. Page 22

Toy sellers urged to monitor suppliers: Toy companies selling products made in Asia are being pressed to set up monitoring bodies to improve working conditions among their suppliers, in a campaign begun after a fire in a toy factory in Thailand killed 188 people in 1993. Page 3

Dole unveils economic policy: US Republican presidential contender Bob Dole started detailing his long-awaited economic plan, which could include a tax cut of as much as $600bn over six years. Page 5

Walt Disney credited its theme parks and "impressive" box office performances from films *The Rock* and *The Hunchback of Notre Dame* for a 25 per cent rise in net income for the third quarter to $406m. Page 20

Clinton urged to end trade disputes: Japanese prime minister Ryutaro Hashimoto has urged US president Bill Clinton to help settle two trade disputes before next week's deadline. Page 3

Samsung 'spies' arrested: Two Samsung Aerospace officials have been arrested for allegedly obtaining classified military procurement plans, including proposals for an air surveillance system. Page 4

Kantor hits at bribes for contracts: US commerce secretary Mickey Kantor said companies this year had lost contracts worth $20bn due to bribes from competitors, as corruption in trade and government procurement worsened internationally. Page 3

Algerian jet hijacked: Security forces arrested a lone hijacker who seized an Algerian airliner carrying 232 passengers at Oran airport east of Algiers, no injuries were reported.

Man dies in Ukraine nuclear accident: Two accidents in three hours at a Ukrainian nuclear power station 300km (180 miles) west of Kiev, killed a man, causing contamination and sparking fresh concern about safety 10 years after the Chernobyl disaster.

S African court backs apartheid pardons: A South African court rejected attempts by the families of murdered activists, including Steve Biko, to prevent apartheid killers being pardoned if they confess.

Cricket: Pakistan made 390 for nine on the opening day of the first Test against England at Lord's, London. Inzamam-ul-Haq was top scorer with 148.

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STOCK MARKET INDICES

New York: lunchtime		
Dow Jones Ind Av	5,409.89	(+55.11)
NASDAQ Composite	1,059.77	(+17.40)
Europe and Far East		
CAC40	1,974.67	(+20.57)
DAX	2,485.09	(+17.20)
FT-SE 100	3,694.7	(+15.9)
Nikkei	20,883.64	(+252.81)

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.200%
Long Bond	87⅔
Yield	7.021%

OTHER RATES

UK: 3-mo Interbank	5¾%	(same)
UK: 10 yr Gilt	97⅛	(97⅛)
France: 10 yr OAT	106.36	(106.32)
Germany: 10 yr Bond	99.22	(98.95)
Japan: 10 yr JGB	97.8252	(97.8934)

NORTH SEA OIL (Argus)

Brent Dated	$19.47	(19.335)

GOLD

New York: Comex		
(Aug)	$385.7	(386.3)
London:		
close	$385.65	(384.4)

DOLLAR

New York: lunchtime		
£	1.5585	
DM	1.478	
FFr	5.0115	
SFr	1.2067	
Y	108.225	
London:		
£	1.5571	(1.5542)
DM	1.4784	(1.4877)
FFr	5.0124	(5.0390)
SFr	1.2068	(1.2122)
Y	108.215	(108.02)

STERLING

DM	2.3019	(2.3121)
Tokyo close:	Y 108.085	

Albania	LEK 220	Germany	DM4.00	Lithuania	Litr 15.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.85	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh16	Slovak Rp	Sk65
Cyprus	C£1.20	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Czech Rp	Kč60	India	Rs75	Nigeria	Naira80	Spain	Pta250
Denmark	DKr18	Israel	Shk7.50	Norway	NKr20.00	Sweden	SKr20
Egypt	E£5.00	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Estonia	EKr 22	Japan	Y500	Pakistan	Rs40	Syria	S£85.00
Finland	FM15.50	Jordan	JD1.50	Poland	Zl 5.50	Tunisia	Din1.750
France	FFr12.00	Kuwait	Fils650	Portugal (m'land)	Esc240	Turkey	L90,000
		Lebanon	LL3,000			UAE	Dh12.00

Philips to cut 6,000 jobs in shake-up

Restructuring of audio and video business follows sharp fall in profits

By Gordon Cramb in Eindhoven

Philips, Europe's largest electronics manufacturer, yesterday launched a radical restructuring of its troubled audio and video equipment business which will result in the loss of 6,000 jobs.

The shake-up follows a sharp drop in profits at Philips which has been hit by falling demand in its main western markets. It comes just five years after the Dutch group embarked on a worldwide cost-cutting programme which has led to the loss of thousands of jobs.

After taking a charge of Fl 760m ($455m) to cover the cost of job cuts, Philips slid into a quarterly loss for the first time since 1992. Attributable losses in the three months to June were Fl 456m compared with profits of Fl 583m in the same period last year.

Announcing the results at the company's Eindhoven headquarters, Mr Dudley Eustace, chief financial officer, would not say where the job cuts in its Sound & Vision unit would fall. They represent 15 per cent of the division's employees, or 2.2 per cent of Philips' total workforce.

But Mr Eustace said that major parts of the business would be transferred to lower cost countries. Philips aimed to build a group of core suppliers similar to those clustered around Japan's large industrial companies.

The move marks a departure for Philips, which has prided itself on producing in-house almost everything it needed.

Philips Sound & Vision makes television sets, video cassette recorders and audio equipment. It has large factories in France, Belgium, Austria and the US, and includes the German consumer electronics subsidiary, Grundig, where Philips has said it will not support losses after this year.

Philips' net profits before the write-off were Fl 304m for the second quarter, down 47.9 per cent. The decline – to Fl 0.89 a share from Fl 1.72 – came in spite of a 10.3 per cent rise in sales to Fl 16.17bn.

In Amsterdam, Philips shares touched a 1996 low of Fl 45.50 before rebounding to close Fl 2.90 higher at Fl 51.30 as investors welcomed the determined nature of the changes. Even at that level, however, the share price remains 11.5 per cent down on the start of the year.

The group warned that full year net earnings before extraordinary items could no longer be expected to match the Fl 2.68bn seen in 1995.

For the first half, net profits from normal activities were Fl 681m compared with Fl 1.13bn. This in part reflected a slide into an operating loss of Fl 92m at the mainstay consumer products side of which Sound & Vision forms a part, down from 1995 interim profits of Fl 269m.

Components and semiconductors, the second largest product group, contributed income of Fl 908m, a drop of 18.6 per cent. Although Philips does not make the commodity computer chips which have been worst hit this year, the industry slowdown has spread to the application specific integrated circuits it produces.

The poor chip market has also thwarted the intended sale of part of its 35 per cent stake in Taiwan Semiconductor, which Philips had hoped to achieve by the autumn. Such a move could have buoyed full-year profits by hundreds of millions of guilders.

Philips unit slims, Page 22
World stocks, Page 36

US air security to be stepped up after disaster

By Patti Waldmeir in Washington

President Bill Clinton yesterday announced new air security measures after consoling grieving families of the victims of last week's TWA crash, while investigators promised rapid results from their examination of the aircraft's two "black box" data recorders.

In an effort to meet mounting public concern over air safety, Mr Clinton said baggage searches and screening of aircraft flying to and from the US would be intensified. Searches would apply to "every cabin, every plane, every cargo hold, every time", a grim-faced president announced.

But Mr Clinton, who wore a white ribbon to commemorate the victims, stressed that the measures did not indicate the TWA crash was definitely the result of terrorism. "We do not yet know what caused 800 to crash, whether it was mechanical failure or sabotage," he said.

Earlier, Mr Clinton and his wife Hillary had met victims' relatives, allowing them to vent their frustration over the slow pace of the investigation and delays in recovering bodies. Eight days after the crash of TWA flight 800, which killed all 230 people on board, only half the bodies and about 1 per cent of the wreckage had been recovered. One relative said he found Mr Clinton "very reassuring".

His decision to visit the families was taken only after days of debate among his aides, who wanted to avoid the accusation that the White House was exploiting the tragedy for political ends. Mr Clinton has been criticised for "grandstanding" by publicly grieving at the gravesides of other recent air crash victims, including the commerce secretary, Mr Ron Brown, and by appearing grim-faced at the site of a black church burning.

Mr Clinton was keen yesterday to go beyond consolation and ease the concerns of nervous American air travellers. Security on US domestic flights is notoriously lax, largely limited to a few cursory questions to travellers, the use of metal detectors on hand luggage and spot checks for explosives by sniffer dogs.

Investigators were hoping yesterday that examination of the "black boxes" – cockpit voice and flight data recorders – would yield vital information but initial study of the tapes revealed no new information. They said they expected to release more definitive results of the examination by late last night.

Navy divers recovered the recorders from 100 feet of water in the Atlantic at around midnight on Wednesday. They were rushed to Washington, where the battered boxes were displayed to journalists. Investigators said the tapes did not appear to have been damaged.

If terrorism is definitively proved to have been the cause of the disaster, Mr Clinton could come under pressure to take retaliatory action. Writing in yesterday's Washington Post, foreign affairs columnist Jim Hoagland advocated tough measures against terrorists. "The US government has a moral and political obligation to prevent known killers from sitting comfortably in Benghazi or Damascus and benefiting from having shed American blood," he wrote.

Armed soldiers yesterday cut off streets in Bujumbura as the Tutsi-dominated army seized power in Burundi. The army appointed its candidate for president, replacing the Hutu incumbent who has been sheltering in the US embassy, and disbanded parliament. A resident said: "It looks like all hell has broken loose." Report, Page 4; Editorial Comment, Page 17
Picture: Associated Press

Hyundai to build S Korean steelworks

By John Burton in Seoul and Stefan Wagstyl in London

Hyundai yesterday said it would press ahead with plans to build South Korea's second-largest integrated steelworks at an estimated cost of $10bn, despite fears of a steel glut in Asia.

The company, Korea's second-largest conglomerate, said it would lower production targets for its project in response to government fears of excess capacity.

However, it still plans to raise output by 8.3m tonnes a year from the 3.7m tonnes already produced by its subsidiary, Inchon Iron and Steel. Mr Chung Mong-koo, the Hyundai group chairman, said another steel facility would boost the country's competitiveness.

Hyundai's plans are causing concern at Pohang Iron & Steel (Posco), Korea's state-owned producer, and other regional steel companies, especially in Japan and China. Last year Korea produced 36.8m tonnes of steel, compared with Japan's 101.6m tonnes and China's 93m tonnes. Japanese producers have been steadily cutting output in recent years in response to sharp rises in China's production and could be forced to make further reductions by any substantial increase in Korean exports.

The Korean government has tried to block the Hyundai steel project because of worries about excess production capacity, although the trade and industry ministry recently indicated it might allow the plan to proceed.

Steel plate produced by the intergrated mill is to be supplied to the car and shipbuilding subsidiaries of Hyundai, which is Korea's biggest consumer of steel.

Hyundai's proposed 8.3m tonnes annual output increase compares with its original target of 9m tonnes. The planned expansion will begin in 1998 and be

Continued on Page 18

ICI blames tougher trading conditions as profits fall 43%

By Jenny Luesby in London

Imperial Chemical Industries yesterday announced 2,700 job losses as part of an efficiency drive to cut more than 5,000 jobs in a sluggish European market.

The move came as the group unveiled a 43 per cent decline in pre-tax profits in the second quarter, to £165m ($257m), on sales of £2.73bn. Trading conditions had been "considerably tougher than anticipated", the group said, prompting it to accelerate its productivity drive.

However, its problems had not been centred in the UK. The volume of UK sales rose by 3 per cent in the first half, and the British decorative paints market was one of the group's few areas of profit growth in the second quarter.

The blow came from continental Europe, where sales volumes fell by 9 per cent, and from a worldwide slump in chemicals prices, notably those of polyester, titanium dioxide and chlorine.

Solvay, Belgium's largest chemicals company and a leading plastics producer, also reported a 28 per cent decline in net earnings, to BFr6bn ($191m), in the first half of this year.

This represented a considerable advance on the weak performance in the second half of last year, the group said, largely as a result of restructuring in its alkalis and peroxygens businesses.

However, profit growth in 1996 remained dependent on an upturn in Europe, and particularly in the German construction market.

Mr Charles Miller Smith, ICI's chief executive, said German industrial demand had been an acute problem across the chemicals industry, as had continuing competitive pressures from Asian producers.

ICI's efficiency programme was now on target to deliver savings of £400m a year by the end of next year.

Most of the 2,700 job cuts would fall in the US, with nearly 2,000 jobs disappearing as a result of a rationalisation of the lossmaking explosives business. A further 600 would come from the paints division, in Europe, the US and Australia, and roughly 300 would be from the acrylics business, mostly in the UK.

These figures are in addition to 1,400 jobs that have been lost already this year, and further cuts, such as 700 jobs at ICI subsidiary Tioxide, for which no exceptional charges are being made.

The efficiency programme will also rationalise ICI's 53,000 suppliers and upgrade the group's manufacturing facilities.

As a gesture of confidence in the group's improved outlook, it proposed an 8.7 per cent increase in its interim dividend, to 12.5p.

This did not prevent analysts from downgrading profits forecast for the second time in a month, settling at around £700m for this year and £800m for next year. ICI achieved pre-tax profits of £951m last year.

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LONDON · LEEDS · PARIS · FRANKFURT · STOCKHOLM · MADRID · NEW YORK · LOS ANGELES · TOKYO · HONG KONG

Bundesbank opts to sit on its hands

By Andrew Fisher in Frankfurt

The Bundesbank yesterday confounded financial markets by deciding not to lower one of its key interest rates, having previously sent out signals that it planned a small cut to shore up the dollar and help the hesitant German economy.

It left the securities repurchase (repo) rate at 3.30 per cent, where it has been since February, and said its next four weekly repo auctions would be held at the same rate. It gave no explanation for the decision after its last council meeting before the summer break.

As expected, the Bundesbank did not alter its 4-7 per cent target range for money supply growth, though this has been considerably overshot. It said the rapid growth of M3 was slowing down and should continue to do so. In June, M3 rose at an annualised rate of 9.6 per cent, having been above 12 per cent in the spring.

Economists said the decision to leave the repo unchanged was a surprise after the Bundesbank's hints. Mr Hans Tietmeyer, the Bundesbank's president, had indicated there was scope to move down the repo rate, which the bank uses to steer money markets. Other members of the central bank council had also pointed markets in this direction.

"They could have handled it a bit better," said Mr Julian Jessop, economist at Nikko Securities. He thought the Bundesbank might still cut the repo later – especially if US rates rose – but probably by a larger amount than if it had acted now. The repo was left at its present rate when the bank lowered the discount and Lombard rates by 2.5 per cent and 4.5 per cent respectively in April.

Mr Otmar Issing, a Bundesbank council member, said suggestions that the repo might be allowed to fall had been based on the possibility that M3 ease to an acceptable level. "That condition was not fulfilled". However, he said the bank would still see if there was scope to lower interest rates further.

Ms Alison Cottrell, economist at PaineWebber International, called the Bundesbank's behaviour "a bit bizarre". It was not the decision that was odd, but the way it had been preceded by a stream of statements.

"They took the horse to water and then pulled the trough away," she said.

The Bundesbank said M3 remained its main yardstick *for monetary policy, though* short-term volatility had made it harder to meet yearly targets. Its medium-term view of the money supply trend took account of this.

It also said that uncertainty about long-term interest rates and volatility on capital markets had hindered monetary capital formation, in which funds are moved out of short-term deposits into long-term assets and thus out of M3.

Czech PM wins one battle but faces another

By Vincent Boland in Prague

The Czech Republic's centre-right minority government yesterday won a vote of confidence in parliament, but immediately faced the prospect of a parliamentary battle over *its proposal* to return state property to the Catholic Church.

After yesterday's vote, Mr Václav Klaus, the prime minister, promised to proceed with his reform programme, delayed by weeks of political deadlock since last month's general election.

But the opposition Social Democrat leader, Mr Miloš Zeman, immediately ended the brief truce that allowed the government to win the vote.

Mr Zeman, who has won the admiration of neutrals for the way he has staked out opposition territory in recent weeks, said that his party would try to block a cabinet proposal to return to the Church about 175,000 hectares of forest confiscated by the Communists before 1938.

The cabinet took the decision at the insistence of the Christian Democrats, a junior coalition partner. Most political parties, including Mr Klaus's Civic Democrats (ODS), are instinctively opposed to the restitution and it may not be popular with the Czech public.

The coalition plans – at Christian Democrat insistence – to carry out the transfer by government decree. This process does not need parliamentary approval and is used for privatisations and other transfers of property to private owners.

The Social Democrats, however, want the restitution proposal to be put before parliament, where it would probably be thrown out. But they failed to have the issue added to the policy programme Mr Klaus presented to parliament this week.

The confidence vote came after a day of some drama in parliament that included two walk-outs and an attack on the country's 250,000-strong Roma (gypsy) minority that shocked MPs with the vehemence of its racism.

The speech by Mr Miroslav Sládek, leader of the far-right Republican party, which has 18 seats in parliament, prompted a mass walk-out by angry MPs.

Some Social Democrats who had been wavering over whether to oppose the confidence motion said that the speech had convinced them to go absent rather than be seen to vote against the government alongside the Republicans.

When the time came for the vote, all 61 Social Democrat *MPs left the chamber, ensuring* victory for the government by 98 votes to 10, with no abstentions.

The other absentee was a disaffected colleague of Mr Klaus and former minister, Mr Vladimír Budinsky, who went on holiday after being dropped from the new cabinet.

Speaking after the vote, Mr Klaus said his coalition had taken on "a heavy burden" but was ready to implement further reforms – to healthcare, the state budget, education and the economy – laid out in its policy programme.

"I believe the government that won your confidence today will work well," he told parliament.

President Václav Havel, who has been the powerbroker in attempts to end the deadlock that resulted from last month's election, urged continued co-operation between the coalition and the Social Democrats. "I believe the government will be stable and will co-operate well with parliament," he said.

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Getting the right chairman for loss-making railway is crucial

Wisdom of Aérospatiale chief's shift to SNCF too early to call

By David Owen in Paris

The French government's decision this week to move Mr Louis Gallois from the chairmanship of Aérospatiale, the loss-making state-owned aerospace and defence group, to the chairmanship of SNCF, the loss-making state-owned railway company, can be viewed as a deft piece of political footwork or a ham-fisted damage limitation exercise.

The positive view is that the government has belatedly appointed the right person for the sweeping restructuring in prospect at SNCF, after misguidedly giving the post last December to Mr Loïk Le Floch-Prigent. It was known at the time that Mr Le Floch-Prigent, who quit last week, might be placed under formal investigation in connection with past business dealings and could therefore come under pressure to resign.

Getting the leadership issue right is a matter of the utmost importance: ministers can ill afford another strike by railway and other public-sector workers such as the one over proposed spending cuts that brought France to a virtual standstill at the end of last year.

Advocates of the move also argue that the government has removed any possibility of a damaging personality clash between Mr Gallois and Mr Serge Dassault, chairman of Dassault, in discussions over details of the merger between Aérospatiale and the privately controlled manufacturer of military and business jets that was confirmed this month.

Mr Dassault, who initially resisted the merger, would not discuss it with Mr Gallois. Relations between the two were described in yesterday's Le Monde newspaper as "at best difficult". Asked yesterday whether Mr Dassault, who is on holiday, would talk to Mr Gallois's replacement, a Dassault spokesman replied: "Never say never."

Critics of the move argue that, by shifting Mr Gallois at this crucial stage in Aérospatiale's evolution, ministers will further demoralise a workforce uncertain about the future. This is all the more so since the government appears not to have lined up an instant replacement.

Half a dozen names were being discussed in Paris defence circles yesterday in connection with the vacancy. The front runners were said to include:

- Mr Jean Picq, secretary-general of national defence, who had a spell at Aérospatiale in the 1980s and was an adviser to President Jacques Chirac when he was prime minister.
- General Vincent Lanata, former head of the French air force, who has been an adviser to Aérospatiale since 1994.
- Mr Jean Pierson, managing director of Airbus Industrie, the four-country European aircraft manufacturing consortium in the process of turning itself into a single company.
- Mr Frédéric d'Allest, chairman of Matra Transport, part of the Lagardère Group, who is thought to have been a candidate for the SNCF job.
- Mr Yves Michot, Aérospatiale's number two.
- Mr Alain Gomez, former head of Thomson.

Certainly, Mr Gallois's move – he is already at his desk at SNCF – appears to have left Aérospatiale in a state of agitation.

This was underlined by the reaction to an off-the-cuff remark on Wednesday by Mr Alain Lamassoure, the French government spokesman. He said the new appointee at Aérospatiale would have to oversee changes of statute at the group arising both from the Dassault merger and the changes at Airbus. "There is perhaps not a single legal structure to bring all this together."

The significance of the remark was played down by the government, but was initially interpreted by some as an indication that ministers might be considering breaking the company up. Most experts consider such a move unlikely.

Jail deaths put Turkish rights record in spotlight

International concern is mounting as toll rises in prisons protest, writes **John Barham** in Ankara

Three Turkish hunger strikers died in prison yesterday, bringing the total this week to six, and putting Turkey's human rights record in the international spotlight.

Prisoners are likely to continue dying every day for weeks if the hunger strike by more than 200 inmates in 33 prisons continues. Perhaps as many as 55 are close to death. But diplomats and human rights campaigners complain that the new Islamist-led government has shown as little inclination as its predecessor to compromise over the strikers' demands.

A European diplomat commented: "The government is doing nothing. If they gave in, they would have to accept that something in the prisons was wrong".

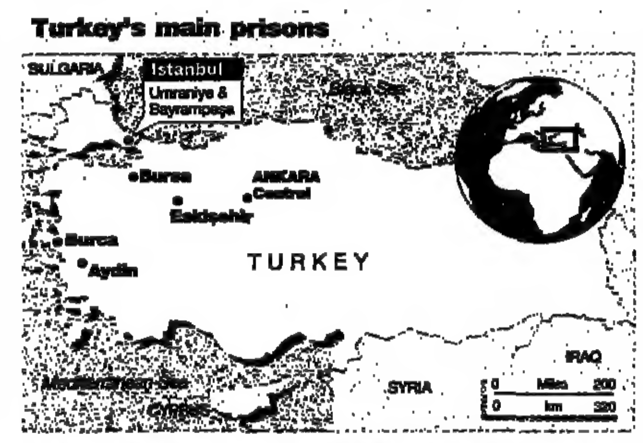
Conditions in Turkish jails are certainly grim; visitors report *standards well below* international norms. But human rights activists say the prisoners' main demand is to halt systematic violations of basic human rights by security staff. In May, six prisoners in Diyarbakir prison in the mainly Kurdish southeast burned themselves to death in protest at conditions there.

Political prisoners are frequently beaten by guards while being transferred between prisons or on their way to court. Amnesty has evidence of guards cutting hunger strikers with glass. It lists numerous cases of prisoners – some of them victims of police torture – being denied urgent medical attention.

The hunger strikers, who are all members of far-left groups held under the draconian anti-*terrorism* law, *are also* demanding the government reverse a policy of transferring them to distant prisons, making it difficult for them to meet their lawyers. Journeys of 10 hours or more in closed vans on their way to court further hamper their ability to defend themselves.

Successive governments have ignored pleas by prisoners and human rights organisations to halt the abuses. In January, prisoners rioted at Istanbul's Umraniye prison, and police beat four of them to death in restoring order.

In May, the justice ministry introduced strict new rules intended to break up what it claimed were no-go zones run by prisoners in the jails, prompting the start of the present hunger strike. Pictures appeared in newspapers of urban guerrillas posing beneath hammer-and-sickle flags, stating that some prisons had become virtual "terrorism training camps".



Turkey's Islamist prime minister Necmettin Erbakan at prayer. His government has promised action but is doing little *Reuter*

Mr Şket Kazan, the new Islamist justice minister, promised after taking office last month to end the hunger strike by softening some of the new rules. He ordered that prisoners be treated humanely and allowed to meet their families once a month – previously visits were only allowed on religious and national holidays.

Hundreds of Kurdish prisoners ended their protest, but the left-wingers carried on because Mr Kazan maintained the dispersal of prisoners.

The hunger strikes have now become an international issue. This week, the French government called on Turkey to improve prison conditions and respect for human rights. The Dutch government has called in the Turkish chargé d'affaires to "express its concern" over the protest. Ireland, which holds the rotating European Union presidency, may raise the issue next week at a meeting of EU and Turkish officials.

Yesterday, Bonn urged the hunger strikers to end their protest after a second night of fire-bombings of Turkish-owned businesses in Germany, possibly by extremists supporting the strike. On Wednesday, Turkish protesters occupied the Frankfurt offices of Germany's main opposition Social Democrat party.

The hunger strikes are also attracting international attention to the wider issue of a sharp deterioration in human rights this year. Turkish activists report increased violations since the EU signed a customs union with Turkey in January. European parliamentarians had made approval conditional on an improvement in human rights in Turkey.

Sweeping budget powers for Dehaene

By Neil Buckley in Brussels

Mr Jean-Luc Dehaene, the Belgian prime minister, has won sweeping powers to bypass parliament and govern by decree in drawing up a budget aimed at ensuring his country is a founding member of the European single currency.

But the move has aroused disquiet among opponents and some economists, and may damage Mr Dehaene's already poor opinion poll showing.

Parliament completed agreement early yesterday on the three "framework laws" allowing the government to issue decrees without parliamentary consent on the 1997 budget, reform of the over-burdened social security system, and improving competitiveness.

Mr Dehaene gained parliamentary approval to draw up the laws two months ago, after a jobs pact with unions and *employers collapsed and slowing* growth aroused fears that Belgium would miss its target of cutting the budget deficit to 3 per cent of gross domestic product this year.

A 3 per cent deficit by next year is one of the five convergence criteria for admission to the single currency. Belgium had hoped to reach the target a year early to strengthen its hand in negotiations on membership of Emu, because it is failing to meet one of the other conditions. Its huge debt, 133 per cent of GDP last year, is well above the 60 per cent allowable.

Officials said yesterday the framework law on the budget – applicable until next August – was necessary to allow the government to impose savings cuts even during parliament's *summer recess, to get "as close* as possible" to the 3 per cent deficit target this year. Savings of about BFr24bn ($800m) are required.

It would also allow work on the 1997 budget to begin immediately, clearing the way for adoption in the autumn.

Mr Philippe Maystadt, finance minister, is aiming to undercut the 3 per cent target next year to guarantee Belgium's place in the single currency vanguard – likely to involve further savings of BFr80bn-BFr90bn.

"Meeting the Maastricht criteria is vital for Belgium. It would be very difficult for us to be outside a single currency if our neighbours, our biggest trading partners, were inside," Mr Maystadt said yesterday.

The urgency of social security reform was underlined yesterday by official figures forecasting that spiralling spending would lead to a social security deficit of BFr36bn next year, against an expected BFr16.5bn surplus this year.

Russia to ease access to its bond market

By Chrystia Freeland in Moscow

The Russian central bank yesterday announced details of a new scheme for foreign investment in government bonds as part of a plan gradually to liberalise access to the lucrative market for foreigners. But bank officials warned the market would be opened up slowly, while they planned to crack down on "dubious" schemes which have allowed non-residents to invest on the same highly profitable terms available to Russians.

Mr Alexander Potemkin, a deputy head of the central bank, said that under the new system – due to come into effect on August 15 – annualised yields in dollar terms for foreigners would continue to be capped at the present level of 19 per cent. Domestic investors are now enjoying returns as much as twice as high.

He also said the central bank would put a ceiling on foreign investment under the new system of $700m in August and $1bn in September. These restrictions do not represent a significant relaxation of the current system, but officials emphasised they would ease the limits over several months, as they become accustomed to the new mechanism, which allows foreigners to purchase the government bonds directly at auctions and to trade them on the secondary market.

Central bank authorities also reiterated their intention to crack down on non-residents who have been investing directly in the highly profitable treasury bill market through legal loopholes which allow them to enjoy the same sky-high returns as locals.

They said they hoped to put an end to this practice by September 15 and warned that if gentle persuasion did not succeed they would resort to harsher methods. "We have a number of levers we can use to punish those involved," said Mr Andrei Kozlov, a deputy head of the central bank.

He said the central bank was holding discussions with western investors and the Russian banks and financial institutions which serve as their intermediaries about ending the practice.

EUROPEAN NEWS DIGEST

EU progress on budget cuts

EU budget ministers were last night making progress on a plan to reduce the EU's 1997 budget by more than Ecu2.5bn ($3.1bn) in a race to meet the targets for economic and monetary union next year. France was spearheading efforts to reach a compromise which would achieve across-the-board savings while allaying concerns among Mediterranean countries, notably Spain, about reductions in regional aid.

The plan is to shave Ecu1bn from the Ecu42bn farm budget and Ecu1bn from Ecu20bn in aid to poorer regions, chiefly to claw back national contributions to the Ecu90bn EU budget.

At the budget ministers' meeting in Brussels, the European Commission joined the European Parliament in pressing the case for austerity this year in return for an extra Ecu1.2bn in 1998 and 1999 to fund trans-European transport networks as well as EU research and development projects. The majority of countries support the idea, but Britain and Germany have reservations.

Mr Detlev Samland, chairman of the parliament's budget committee, was satisfied with the talks' progress and said he had won an agreement in principle to shift funds allocated to farm and fisheries into a "reserve". This would give MEPs a partial say in areas of spending where the Council of Ministers traditionally has the final say. *Lionel Barber, Brussels*

UK cautions on Helms-Burton

Britain, in a move to counter the impression that it was breaking ranks with its EU partners, said yesterday it was prepared to consider EU proposals for joint retaliation against the US following the passage by Congress of the Helms-Burton Act.

The Foreign Office cautioned, however, that the forthcoming European Commission proposals lay in a "complicated legal area" and would need careful study. "We do not rule out the need for action at the EU level," a spokesman said.

He insisted Britain had been at the forefront of moves to promote joint EU action in response to the Helms-Burton Act, which authorises private court action against foreign companies "trafficking" in confiscated Cuban assests. "We know the Commission is working on proposals for EU legislation designed to protect EU companies against the provisions of Helms-Burton, and we look forward to seeing these when they emerge," he added. *Bruce Clark, London*

Fall in number of French banks

The number of French banks and other credit institutions has fallen by a third in 10 years and many have changed hands in the same period, according to an annual government report published yesterday.

Of 2,170 institutions in 1987, 725 had closed or merged by the end of 1995, said the Credit Establishments Committee, an arm of the banking regulatory and supervisory body under the control of the Bank of France.

In spite of the criticisms of them by the country's commercial banks, it is the French mutual and savings banks which have undergone the greatest rationalisation over the past few years, reducing their numbers through mergers from 1,127 in 1984 to 342 in 1995. *Andrew Jack, Paris*

Italian bank rescue faces probe

The Italian government's plans to rescue Banco di Napoli, one of Italy's largest and oldest banks, could be examined by the European Commission for evidence of illegal state subsidies.

The Commission is understood to be ready to open an inquiry into the plan for a L2,000bn ($1.3bn) capital increase, underwritten by the treasury, which controls the bank. A special assembly of shareholders will vote on the capital increase next Tuesday in Naples.

The Commission refused to comment on reports which suggested that Mr Karel van Miert, the competition commissioner, was preparing to write to Rome asking for a detailed explanation of the plan. But Brussels is thought to have doubts whether the bank, which last year lost L3,155bn, can be returned to profitability, let alone privatised as the treasury wants. *Andrew Hill, Milan and Neil Buckley, Brussels*

■ Italy's anti-trust watchdog is investigating the Italian Chamber of Commerce for alleged abuse of its dominant position in the database market for company information. The authority said it wanted to probe charges the chamber had allowed only Infocamere and Cerved – companies controlled by the chamber – access to its register of 4.3m companies.

Rome considers media decree

The Italian posts and telecommunications ministry said yesterday the government might have to push through new rules on media ownership by decree, following parliament's decision to delay until September the debate on setting up a new telecoms and broadcasting regulator.

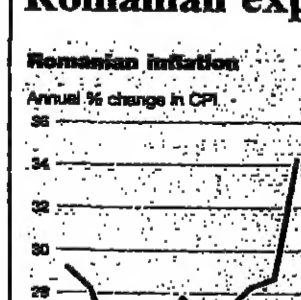
The upper house of parliament decided on Wednesday not to debate the measure before the August holidays. The full privatisation of Stet, the state-controlled telecoms holding company, cannot take place until a regulatory authority is in place.

The government might have to use a 60-day decree to impose the new rules on media ownership by the end of *August, as a constitutional court ruling threatens to black out* television broadcasts if existing regulations have not been changed by then.

The Italian government should today approve the second part of the draft legislation on communications, which provides for reform of Rai, the state broadcaster which is Mediaset's main rival. *Andrew Hill*

ECONOMIC WATCH

Romanian exports setback



Romania's exports fell 10.2 per cent in dollar terms to $3.34bn in the first half of the year, despite a near-sevenfold increase in cereal and other non-animal agricultural exports following last year's bumper harvest.

Analysts attribute the fall partly to the winter's hard-currency shortages which reduced imports of energy and other *essential* raw materials. The national statistics commission said imports (free on board) had fallen 15.3 per cent while the trade deficit (fob) had fallen to $425.9m, from $725.5m.

The consumer price index in June was 1.0 per cent, the lowest monthly rate this year, but is expected to rise sharply this month following increases of more than 30 per cent in energy prices. Year-on inflation at the end of June was 33.8 per cent, up from 27.8 per cent at end-1995. Tight monetary policy has been undermined partly by rising wages, 43.4 per cent higher in June than a year earlier, while unemployment fell for the fourth month to 7.1 per cent. *Virginia Marsh, Bucharest*

■ Consumer prices in west Germany rose 0.4 per cent in July from June, a year-on-year increase of 1.3 per cent.

■ French consumer prices fell 0.1 per cent in June from May and rose 2.3 per cent over 12 months.

■ Dutch consumer spending rose 4.4 per cent in May from a month earlier, following strong demand for food and durable goods.

■ Sweden's producer price index was down 0.3 per cent in June from May, and down 6.5 per cent from a year earlier.

■ Finnish unemployment in June was 16.6 per cent, from 16.9 per cent a year earlier and unchanged from May.

Hashimoto asks Clinton to help solve two disputes

By William Dawkins in Tokyo

Mr Ryutaro Hashimoto, Japan's prime minister, has written to US president Bill Clinton urging him to take a "political decision" to settle two trade disputes before their July 31 deadline.

The letter coincides with yesterday's start in Vancouver, Canada, of two days of talks between senior trade diplomats to try to end the deadlock over access to Japan's market for insurance. Talks on semiconductor trade start there on Monday.

Mr Hashimoto said Japan was ready to be flexible on insurance, but restated a firm stance against US demands for a numerical market share for foreign semiconductors, disliked by the Japanese government on the grounds that it represents managed trade.

Mr Hashimoto described as "meaningless" a US proposal to gauge the foreign share of Japan's semiconductor market according to companies' capital affiliation, a move which would penalise many foreign-based Japanese companies which sell semiconductors to Japan.

As in last summer's row over access to the Japanese car market, both sides are expected by trade officials to negotiate right up to the deadline.

The US wants both countries' semiconductor industries to survey the Japanese market to make sure they "preserve and continue" progress made under the existing chip pact, which expires next Wednesday. The pact, disliked by Japan from the beginning, was originally designed to ensure a 20 per cent market share for foreign chip producers. Their market share has in fact risen to 31 per cent.

The success of the current chip accord suggests that a new one is not needed, argues the Ministry of International Trade and Industry. In place of the pact, Miti has proposed a global semiconductor industry forum – supported by the European Union – to encourage general co-operation between producers on matters such as standardisation, intellectual property rights and market data. Such a forum would not attempt to influence markets, stress Miti officials.

On insurance, a Japanese finance ministry official yesterday declined to comment on a report that negotiators were considering a compromise.

The US objects to a proposal which would allow Japanese insurers to provide personal accident and health policies in Japan from October.

Foreign companies dominate this business, known as "third sector" insurance, and are unwilling to face Japanese competition until they obtain better access to the life and non-life markets, where foreign entry is tightly restricted.

Under the possible compromise, Japan would delay third sector liberalisation for two years – still short of the US demand for a three-year delay.

During that time, the Japanese government would allow foreign companies improved access to the rest of the insurance market, as laid out in a 1994 insurance framework agreement with the US.

That agreement commits Japan "substantially" to deregulate life and non-life insurance before opening the third sector to new competition.

Britain in big gas supply deal with Germans

By Judy Dempsey in Bonn and Robert Corzine in London

British Gas is to sell 20bn cubic metres of natural gas to Germany's Wingas in a second deal to ship surplus gas from the UK to the continent through a planned pipeline under the North Sea.

The latest agreement, which will be spread over 10 years, is the largest gas sale from a UK company to Europe. The price was not disclosed.

Earlier this year the UK subsidiary of Conoco, the US oil company, announced the sale of 1bn cubic metres a year of UK North Sea gas to Wingas.

The decision by British Gas to sell 2bn cubic metres a year to Wingas, jointly owned by Gazprom, the Russian gas company, and Wintershall, the gas subsidiary of BASF, Germany's chemical group, coincides with a gas surplus in Britain, brought about partly by the liberalisation of the domestic gas market.

British Gas in particular is saddled with a number of long-term contracts for large volumes of gas that it will no longer need after 1998, when it loses its monopoly to supply 19m households and other small gas users.

"For the UK, continental Europe is an important new market," said Mr Peter Lehmann, British Gas's regional managing director for Europe. The company is also hoping to sell gas to similar distributors in the Netherlands and France, as well as directly to large industrial gas users.

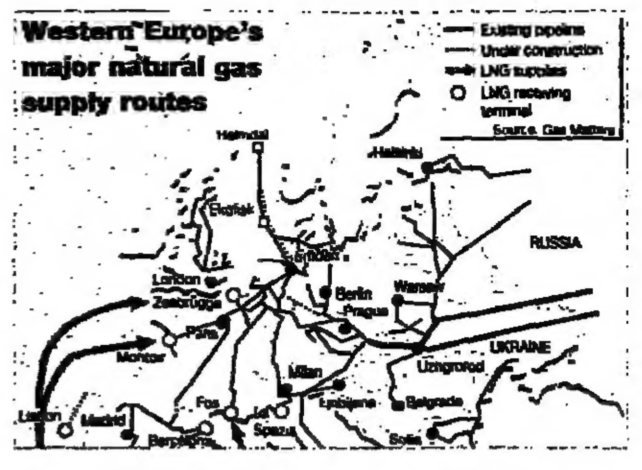
Mr Gert Maichel, managing director of Wingas, said the deal was an important contribution to the integration of the European gas market. The UK and continental gas supply grids will be linked by a £500m ($776m) 150-mile interconnector between Bacton, Norfolk, and Zeebrugge in Belgium. It is due for completion in 1998.

It is being built by a consortium of companies including British Gas, which holds a 40 per cent stake, Gazprom, British Petroleum and Ruhrgas, Germany's largest distributor of gas.

The latest sales contract has important implications for Wintershall since it is part of its long-term strategy aimed at diversifying gas imports, increasing market share in Germany and introducing more competition in a field dominated by a few players. "This diversification with gas from Britain will strengthen our competitive position. More competition will ultimately benefit customers," said Mr Maichel.

Currently, Wintershall imports the bulk of its gas from Gazprom, amounting to 14bn cubic metres a year. It is set to increase its market share in Germany by 1.5 per cent to 10 per cent after a heavy investment programme begun five years ago and now totalling DM3.5bn ($2.3bn). It involves the construction of gas pipe lines, storage facilities and compressors.

Western Europe's major natural gas supply routes



Wintershall, set up by BASF specifically to provide cheaper gas supplies, embarked on this investment programme because it could not gain access to the grids owned or managed by Ruhrgas. Ruhrgas, which has more than 90 per cent of the German market, has been at the forefront in resisting Bonn's plans to deregulate the energy sector.

A draft paper to be presented to the cabinet after the summer recess entails scrapping demarcation contracts which allowed Ruhrgas – and electricity companies – to establish regional monopolies in the distribution of energy. It would also open the market to others.

Several continental European gas companies are cautious about a common gas grid and moves to end national monopolies. They say that liberalisation of the European gas market is inappropriate, because Europe, unlike the US and UK, depends on imports from distant sources.

International corruption: a survey of business perceptions

Rank	Country	Score 1996 (max = 10.00)	Score 1995	Rank	Country	Score 1996 (max = 10.00)	Score 1995	Rank	Country	Score 1996 (max = 10.00)	Score 1995	Rank	Country	Score 1996 (max = 10.00)	Score 1995
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	43	Uganda	2.71	
2	Denmark	9.33	9.32	16	Austria	7.59	7.13	30	Jordan	4.89		44	Philippines	2.69	2.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	45	Indonesia	2.65	1.94
4	Finland	9.05	9.12	18	Hong Kong	7.01	7.12	32	Spain	4.31	4.35	46	India	2.63	2.78
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	47	Russia	2.58	
6	Norway	8.87	8.61	20	Belgium	6.84	6.85	34	Italy	3.42	2.99	48	Venezuela	2.50	2.66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	49	Cameroon	2.46	
8	Switzerland	8.76	8.76	22	Portugal	6.53	5.56	36	Bolivia	3.40		50	China	2.43	2.16
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	51	Bangladesh	2.29	
10	Australia	8.60	8.80	24	Poland	5.57		38	Mexico	3.30	3.18	52	Kenya	2.21	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	53	Pakistan	1.00	2.25
12	UK	8.44	8.57	26	Malaysia	5.32	5.28	40	Brazil	2.96	2.70	54	Nigeria	0.69	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
14	Israel	7.71		28	Greece	5.01	4.04	42	Colombia	2.73	3.44				

Source: The Transparency International Corruption Perception Index 1996

The rank relates solely to results drawn from a number of surveys and reflects only the perception of business people who participated in these surveys. A perfect 10.00 would be a totally corruption-free country. Same methods, but fewer countries and surveys were used to arrive at 1995 score.

US companies 'lost $20bn in deals after rivals offered bribes'

Kantor calls for bribery action

By Nancy Dunne in Washington

US companies have lost contracts worth $20bn this year as a result of bribes offered by competitors, according to Mr Mickey Kantor, the US commerce secretary.

Mr Kantor said corruption in trade and government procurement around the world has worsened, with companies offering illicit payments winning 80 per cent of their bids.

"Business newspapers and magazines almost read like police blotters at times: reports about public contractors rigging bids, state-owned industry officials demanding bribes, corporations making payments to politicians for contracts, costs of projects being inflated to cover kickbacks, competitive bids being undermined by graft," he said.

He offered examples of bribery by European companies without naming names. These include:

- The use by a European firm of inside information and illicit funds to beat a US firm for a $2m telecommunications deal in Asia.
- The bribing of a Latin American official for help in signing a $4m telecommunications contract.
- A European defence company beat American competitor for a $3bn vehicle sale in the Middle East with "illicit payments".

"An American company offered the best price for a Latin American project only to have a European competitor re-bid after the process was supposed to be closed – and after paying bribes to officials involved in the decision-making," he said.

US trade officials yesterday unveiled a new bureau within the commerce department to oversee compliance with its international trade agreements, Reuter reports from Washington.

Mr Mickey Kantor, commerce secretary, said the centre would be responsible for building an information base to help monitor, investigate and evaluate compliance with trade agreements.

The commerce secretary said that business leaders he had met say corruption in international trade is their number one concern. As a result the US is pushing for action on a number of fronts.

Most countries have laws against bribing their own officials, but only the US prohibits bribery of foreign officials.

Mr Kantor praised the new Convention Against Corruption adopted by the Organisation of American States, the first multinational agreement in which countries agreed to criminalise bribery and extradite offenders.

The US, Japan, EU and Canada agreed to pursue an interim transparency pact in government procurement in the World Trade Organisation because most members have not joined the separate government procurement pact.

The industrialised countries of the Organisation for Economic Co-operation and Development have agreed to eliminate tax deductions allowed for overseas bribes. They have also agreed that by next May they will develop principles to address the criminalisation of bribery.

US holding up green trade

By Frances Williams in Geneva

A refusal by the US to take a constructive part in work on trade and the environment in the World Trade Organisation threatens to prevent any firm results emerging in time for the WTO's first ministerial meeting in Singapore in December.

Trade officials said yesterday that two years of discussions were going nowhere because the US was unable to take a position on the issues ahead of November's US presidential election.

"The US is proposing nothing and systematically trashing everyone else's proposals," said one official. "It is a major obstacle to getting anything done."

Ironically, Washington was one of the strongest proponents of establishing the WTO committee on trade and the environment in 1994, with a mandate to report to the Singapore ministerial meeting. The committee was charged with looking at the relationship between fair trade rules and environmental measures and whether WTO rules needed amending as a consequence.

The 10-point agenda includes how to handle WTO disputes that might arise out of trade provisions in multilateral environmental agreements (MEAs), and how to ensure that environmental measures such as ecolabelling and packaging requirements are compatible with fair trade rules.

So far, the European Union appears to have made most of the running in trying to secure agreement on these two issues before the Singapore meeting. But, with developing countries showing a marked lack of enthusiasm for the trade/environment debate, the absence of a clear US position has stymied progress.

The committee, which ended a two-day meeting yesterday, was created on an ad hoc basis and must be re-established by ministers in Singapore. Though no one has yet suggested that it be discontinued, some developing countries are known to favour turning the existing committee on trade and development, which focuses on the interests of poorer WTO members, into a committee on sustainable development. Such a move would give developing countries, generally more suspicious of "green" policies, a greater say in the WTO's trade/environment debate.

Tyre maker to keep Semperit subsidiary open

By Eric Frey in Vienna

Continental, the German tyre maker, yesterday told the Austrian government it would not close its Semperit subsidiary in Traiskirchen, eastern Austria, but stood by its decision to axe hundreds of jobs at the plant.

Continental Chairman Mr Hubertus von Grünberg confirmed the company would halve the annual output of car tyres in Traiskirchen to 2m and shift production to the Czech Republic.

Continental declined to alter its plans despite a plea by an Austrian government delegation led by Chancellor Franz Vranitzky. Three hours of talks yesterday proved fruitless and Mr von Grünberg said the job cuts would go ahead as planned.

"I do not see any way to avoid reducing production of car tyres at the plant, given the current market situation," he said. The Semperit plant could be profitable even after these cuts, Mr von Grünberg added.

The Traiskirchen plant also produces 500,000 truck tyres a year, which are worth six times as much as car tyres. The production shift to the Czech Republic will cause the loss of 400 jobs in Austria and has raised fears Continental will shut down its subsidiary completely. The 100-year-old factory employs a total of 2,400 peple and indirectly supports thousands more.

Von Grünberg: adamant

The Semperit plant has suffered a sharp drop in sales to Japanese carmakers after Austria joined the European Union, which ended special trade privileges for Japanese carmakers in exchange for purchases from Austrian car parts producers, especially from Semperit.

Economics Minister Mr Johann Farnleitner said he wanted to use gentle pressure on the Japanese to step up their purchases again. But he is unlikely to take up the trade union proposal to impose a special tax on Japanese cars, which would violate EU rules.

Mr Farnleitner last week expressed his solidarity with the Traiskirchen workforce by fitting Semperit tyres to his car. It later emerged that the tyres were manufactured in Germany.

Toy companies urged to monitor conditions at Asian suppliers

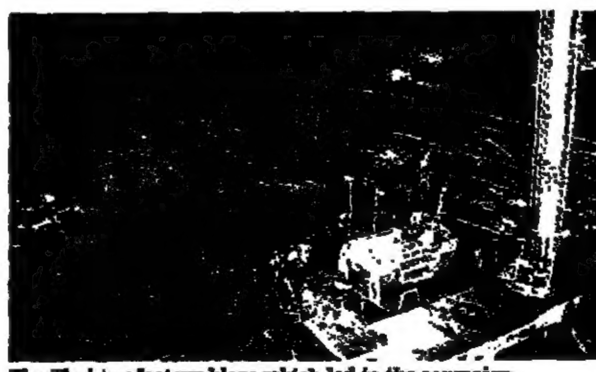
By Graham Bowley in London

Toy companies which sell products made in Asia are being pressed to set up strict independent monitoring bodies to improve working conditions among their suppliers.

Pressure groups have forced toy company associations to adopt codes of conduct on health and safety, but the groups fear the codes will not be properly implemented by Asian manufacturers.

The latest campaign comes alongside other high-profile initiatives aimed at highlighting workers' conditions in industries, such as clothing and footwear, dominated by western multinationals.

A campaign launched by western charities drew consumer attention to large sports shoe companies such as Nike and Reebok, many of whose shoes are made in Asia. Some of the clothing and shoe companies have drawn up codes of conduct on working practices in response to pressure. But the issue of independent monitoring is proving contentious.



The Thai toy factory blaze which led to the campaign

The World Development Movement, a pressure group campaigning on third world issues, the Catholic Institute for International Relations and international trade union bodies will launch a pre-Christmas campaign calling for independent spot checks on toy factories in Asia.

But toy company bodies say full monitoring would be costly and difficult in countries such as China, where access to factories is restricted.

Mr David Hawtin, director general of the British Toy and Hobby Association (BTHA), said there were too many factories for toy companies to monitor them properly.

"There is no way that an organisation like ours can even think about setting up inspectors. This is a job for governments to do," he said.

Instead, industry bodies argue that individual toy companies should use commercial pressure on suppliers to adopt the codes of conduct by threatening to withdraw custom.

Critics of the campaigns also complain that forcing third world companies to improve working conditions and wages may destroy jobs by making the companies uncompetitive.

The BTHA – whose members account for 90 per cent of toy sales in Britain – has set up a three-person independent committee, based in the UK, to deal with complaints about factory conditions abroad.

But the pressure groups think such a committee will not be independent or powerful enough to deal with problem.

Ms Sue Townsend, a campaigns officer at the World Development Movement, said: "We are not convinced how effective it will be for the average worker in Asia. We are seeking proper independent monitoring and spot checks."

The campaign groups argue that companies have sufficient control over product quality to be able to monitor working conditions as well.

The toy campaign began after a fire in a toy factory in Kader, Thailand, killed 188 people in 1993.

US-Japan supercomputer trade risks a crash

Nancy Dunne on a dumping row that threatens to harm attempts to open public procurement markets

A protracted row over a US government agency's purchase of a Japanese computer is threatening to damage Washington's attempts to prise open public procurement markets abroad.

US efforts to "encourage" Japanese government agencies to buy US-made supercomputers have resulted in the sale of 12 US supercomputers to Japan, but the first reciprocal purchase by the US has become the subject of contentious debate.

When the Japanese company NEC won a bid to provide a supercomputer to the National Centre for Atmospheric Research, the Commerce Department's import administration advised against the deal on grounds that the NEC price was so low it had to be "dumping" – or selling unfairly – in the US market.

Soon after NEC's victory was announced, Mr Paul Joffe, acting assistant secretary for import administration, wrote to the National Science Foundation (NSF), which is funding part of the leasing deal, to say that the cost of producing the supercomputer "is substantially greater" than NEC's $35m bid price.

Usually when dumping cases are filed, the Commerce Department conducts a five-month investigation before issuing preliminary decisions. Officials say that in this case they were asked by the NSF to determine if the NEC offer was dumping and that they have occasionally advised other agencies informally on internal purchases.

Mr Joffe also warned that the import of the supercomputer system "would threaten the US supercomputer industry" – a conclusion of injury that under US law is the province of the the International Trade Commission, the six-person government-funded but independent agency that investigates allegations of injury, which was not consulted.

The Commerce Department opinion has failed so far to stop the deal, but additional pressure has come from Congress, where the House last month passed an appropriations bill for the NSF and other agencies. It contained an amendment stipulating that salaries be withheld of personnel "who approve a contract for the purchase, lease or acquisition in any manner of supercomputing equipment" if there is a preliminary or final determination that the equipment is being "dumped" or sold at unfair prices.

The sponsor was Congressman David Obey, a Democrat from Wisconsin, where Cray Research, one of the losing bidders, has facilities. "The issue," he said, "is whether we are going to stand up for America and stand up for fair trade under the rule of law or not."

Congressman Jim Kolbe, an Arizona Republican, said the amendment was a violation of international trade rules as well as the customary procedures attending both dumping complaints and government procurement.

"We have a firm commitment in this country to the rule of law. We ought not to so casually and cavalierly disregard that," he said.

The Senate has yet to vote on the appropriations bill, but the committee rejected the Obey Amendment. Wisconsin Senator Herb Kohl may try to attach a similar provision on the Senate floor.

NEWS: INTERNATIONAL

Tutsi-led army seizes power in Burundi

Grenades and gunfire echo across capital as new president installed

By Michela Wrong, Africa Correspondent

The Tutsi-dominated army yesterday seized power in Burundi, appointing its candidate for president, outlawing political parties, disbanding parliament, imposing a dusk-to-dawn curfew and closing the airport and borders.

The coup d'etat was a direct challenge to the US government and UN Security Council, which had both warned the military against a seizure of power and are debating whether to send foreign troops to restore order in the central African country.

Speaking on state radio, Burundi's defence minister announced that Major Pierre Buyoya, a former Tutsi president, was replacing Mr Sylvestre Ntibantunganya, the Hutu incumbent who has been sheltered by the US embassy for the last two days.

The putsch took an ugly turn, as unidentified gunmen hurled grenades into a market, bursts of heavy gunfire echoed across the capital, armoured personnel carriers rolled into the centre of Bujumbura and soldiers erected roadblocks.

"It looks like all hell has broken loose," said a resident.

Earlier, the military authorities had received a series of sharp warnings from the international community, afraid the collapse of a civilian government guaranteeing power-sharing between the Tutsi minority and Hutu majority signalled a repeat of Rwanda's horrific bloodletting.

In New York, Mr Boutros Boutros Ghali, the UN secretary-general, said the world would "on no account" accept the coup and called on all concerned to uphold Burundi's constitution. The Organisation of African Unity said a putsch would be "resisted" and the European Union threatened to halt all development aid.

The White House said the US would be presenting a plan to the UN to head off a possible humanitarian disaster, and France said it had urged the Security Council to send a mission to Burundi.

Mr Ntibantunganya's sudden flight to the US embassy, the ostensible trigger for the coup, came after he was stoned by the crowd attending a funeral of more than 300 Tutsis, victims of one of the many massacres carried out in recent months by both Hutu rebels and the army.

The president left immediately for the capital, where he sought refuge with the Americans. Soon after, the Tutsi-dominated Uprona party said it was pulling out of the coalition with the mainly Hutu Frodebu party, ending an uneasy alliance.

But many analysts were yesterday blaming the putsch on the laborious debate surrounding plans to send in East African peacekeeping forces.

Approved by the OAU earlier this month, talk of the still-embryonic initiative has fuelled the siege mentality in Bujumbura and encouraged extremists in both camps.

"The army started cracking down and the guerrillas started shooting everyone in sight," said Mr Gerard Prunier, a French expert on the region. "They knew they were running out of time."

The army defied world opinion yesterday, with a spokesman saying Burundi, a former Belgian colony, would not allow itself to be colonised again. But there were signs it had tried to go some way to meeting its critics by choosing Mr Buyoya as president.

The major, who governed for five years as the country's last Tutsi president, has traditionally been regarded as a moderate. He spearheaded the introduction of multiparty democracy and handed over power peacefully when a Hutu candidate won the 1993 election.

Editorial Comment, Page 17

Last Tutsi president returns: Major Pierre Buyoya Reuter

The big test of S Africa's sell-off intentions

What happens to the Transnet conglomerate will be an important policy pointer, writes Mark Ashurst

The London-based investment banker's remark to South African government officials during President Nelson Mandela's recent state visit to Britain was as honest as it was harsh. Told of the political problems surrounding the country's privatisation programme, he replied: "We are not interested in your social baggage."

One of those most shocked by the remark was Ms Louise Tager, chairman of Transnet, South Africa's largest public corporation which operates the national transport infrastructure. "I am a strong advocate of privatisation and I have spent much of my professional life promoting the concept, even before it became fashionable in the 1980s," she says. "But there are things that need to be understood about South Africa. The future security of this economy depends on upliftment."

In many respects, the future of Transnet will be the litmus test of the government's commitment to liberalising the tightly-controlled South African economy. Transnet's 23 subsidiaries embrace road haulage, rail, sea and air transport, harbours, a maze of national fuel lines and an in-house satellite and telecommunications network with a combined asset value of more than R40bn ($9bn).

Several of Transnet's businesses, notably South African Airways, the cash-strapped national airline, and some of its overland freight operations, have been earmarked by Mr Thabo Mbeki, deputy-president, as candidates for "restructuring". The term is widely understood as government-speak for privatisation, a process expected to begin later this year with the sale of a 30 per cent stake in Telkom, the telephone company.

But unlike other state-owned monopolies, Transnet is a diversified conglomerate. Some of its biggest businesses – rail, harbours and Petronet, a nationwide network of fuel lines – are natural monopolies. Others, including SAA, container transport and courier operations, already face growing competition from the private sector.

Thus, the nature of private sector involvement is contentious. "It would be wasteful to open natural monopolies to competition, because of the enormous investment involved," says Mr Ben van Rensburg, chief economist at the South African Chamber of Business. "We need private sector skills, not competition, to make them more efficient."

The government's commitment to narrow the gulf between the public and private sectors is underpinned by the appointment of four senior ANC leaders to Transnet's board, where their role is in part to counter trade union opposition to privatisation. Five years from now, predicts Mr Saki Macozoma, a former MP and senior official in the African National Congress, who became Transnet's deputy managing director in May, Transnet will be "a smaller though still significant" transport company.

According to Ms Peggy Drodskie, national infrastructure analyst at the South African Chamber of Business, Transnet's financial structure is impenetrable. Last year, it posted a net profit of R118m, its first since embarking on a process of commercialisation in 1990. But it has shored up its loss-making businesses with hand-outs from more lucrative operations, such as Petronet, whose margins are guaranteed by the web of regulations governing South Africa's liquid fuel retailers.

"We cannot really tell which parts of the business are profitable because of the cross-subsidisation. Transnet should be disbanded as a holding company and each division should be ring-fenced. Only then can we look at privatisation," she says.

The social costs of such an unbundling would be high. A product of the racially-based national socialism devised by the architects of apartheid, Transnet is overstaffed – despite cutting its total workforce by almost 60 per cent to 110,000 over the last decade. Now it needs to pension off veteran employees and recruit blacks to create a more racially balanced workforce.

Blacks comprise 56 per cent of its employees and 99 per cent of the 32,000 unskilled jobs. With unemployment exceeding 30 per cent, the new management is wary of further cuts. "No company ever downsized to greatness," says Ms Tager.

Transnet has borrowed heavily to fund its pension obligations, and has few resources for extensive capital expenditure. To build the new infrastructure required to foster an export-oriented manufacturing sector, the principal goal of the government's economic strategy, Transnet needs more cash. Ms Tager acknowledges that the workforce is an obvious target for pruning, but she also knows that the consequences for many would be traumatic: the average black labourer has between six and 10 dependants.

Meanwhile, Mr Trevor Manuel, the finance minister, is banking on revenue from the sale of equity in state-owned industries to slash the budget deficit to 3 per cent of gross domestic product by 2000, from 5.8 per cent last year. Thus, if new investors are found for Transnet, the corporation does not expect to reap all the proceeds.

Ms Tager accepts that cuts in the national budget deficit will attract investment to South Africa and encourage growth, even new capital available for Transnet is limited.

"We need to do it quickly, so the pain is shorter and there is growth," she says. Investors, she hopes, will accept that Transnet's contribution to balancing the government's books is part and parcel of its "social baggage".

INTERNATIONAL NEWS DIGEST

Middle East in diplomatic whirl

A flurry of diplomatic activity swept the Middle East yesterday as a US envoy and Mr Yassir Arafat, Palestinian leader, tried to coax arch-foes Israel and Syria back to the peace table.

Mr Dennis Ross, US Middle East peace envoy, made his way from Syria to Amman and on to Jerusalem in the wake of Mr Herve de Charette, French foreign minister, who took his peace mission on the same route earlier in the week.

Mr Ross met Israeli premier Benjamin Netanyahu in Jerusalem. Mr Netanyahu's election in May had thrown peace moves into doubt as he opposes trading occupied Arab land for peace.

Mr Arafat, who has just held his first high-level meeting with the new hardline Israeli government, arrived in Syria mainly to plot peace moves with President Hafez al-Assad but also to deliver an Israeli request to break a peace deadlock. The US envoy was expected to meet Mr Arafat in Gaza either on the Palestinian leader's return late yesterday or today. *Reuter, Jerusalem*

Harare misses deficit target

Mr Herbert Murerwa, Zimbabwe's finance minister, yesterday presented the country's 1996 budget and reiterated previous promises to cut budget spending and the fiscal deficit. He confirmed that the government had missed its budget deficit target of 6.7 per cent of GDP for 1995/96 by a wide margin, reporting an actual deficit of 10.1 per cent.

For the current year to June 1997, he forecast a budget deficit of about Z$6.8bn (US$694m), or 3.5 per cent more than in 1995/6. This is unlikely to satisfy the IMF and could hamper talks on a new structural adjustment loan from the Fund.

Public spending is projected at 37 per cent of GDP, down slightly from 40 per cent last year.

The otherwise forgettable budget may be remembered for one bizarre aspect – the introduction of a 15c (US 1.5c) "levy" on cash withdrawals from automatic teller machines. The costs and trouble involved in collecting the tax seem to be out of all proportion to the revenue it is likely to yield. The minister gave no estimates of how much the tax would bring in. *Anthony Hawkins, Harare*

Cairo clinches F-16 deal

Egypt has concluded a $838m deal for the purchase of 21 new F-16 jet fighter aircraft built by Lockheed Martin of the US. The sale is part of a military package with an estimated price tag of $670m, which will include upgrading Egypt's 161 F-16C/D aircraft.

The prime contractor for the F16C/Ds will be Lockheed Martin while the principal contractors for the upgrade programme will be McDonnell Douglas and Westinghouse Electronic Systems, both of the US.

Delivery of the new F-16s will be completed by the year 2000, according to Lockheed. The US defence department has said the sale of the equipment would not affect the basic military balance in the region. *Shahira Idress, Cairo*

Hijacker held in Algeria

Algerian security forces arrested a lone hijacker who seized an Air Algeria plane yesterday. All 232 passengers were safe, Algerian state television reported.

The hijacking occurred at Oran airport, west of the capital Algiers. The interior ministry, whose security forces have been fighting Moslem fundamentalists for more than four years, said the hijacker's motives and nationality were unknown. *Reuter, Paris*

NEWS: ASIA-PACIFIC

Samsung officials held in 'spy' case

By John Burton in Seoul

Two Samsung Aerospace officials have been arrested for allegedly obtaining classified military procurement plans, including proposals for an air surveillance system, marring the normally polished image of South Korea's biggest conglomerate.

The affair is the second scandal to hit Samsung this week. It follows the murder of a distributor for a rival newspaper, allegedly by two employees of the Samsung-owned daily, Joong-ang Ilbo.

Other newspapers blamed the murder on an intense circulation war. Joong-ang Ilbo has angered its competitors by conducting an aggressive and lavish marketing campaign, including offers of Samsung-made gifts, to attract subscribers in its quest to become Korea's biggest daily.

The Samsung aerospace employees, both retired air force officers, are suspected of collecting procurement documents from the defence ministry since 1992 to help their company gain future aerospace contracts.

In addition, they are accused of providing information on the proposed purchase of other weapon systems to two Korean arms dealers who were also arrested Tuesday along with three military officers at the defence ministry's procurement section.

The Samsung officials were immediately fired by the group, but the case has received maximum publicity from South Korea's leading newspapers, which have been savagely criticising Samsung for the past week.

The industrial espionage case has provoked a parliamentary furore, with MPs criticising standards of protection of sensitive military information.

Korean military investigators were alerted after boxes containing the weapons procurement documents were discovered in an abandoned warehouse last month.

The scandal comes as Samsung Aerospace, a key defence contractor, seeks new business once it completes its mainstay project of assembling 120 F-16 fighters from the US by 1999.

Its attempt to enter the civil aerospace sector received a setback recently after plans to develop and produce a 100-seat regional jetliner with China collapsed due to differences over the location of manufacturing facilities.

The group did receive one good piece of news this week, as Samsung Electronics was cited by the Korean Management Association as the country's best-run listed company last year after it reported net earnings of $3.2bn (£2.1bn).

However even Samsung Electronics may be losing its lustre as falling semiconductor prices are expected to cut its earnings by two-thirds this year, while the government recently disclosed it is conducting an extensive tax investigation of the company.

Countries are keen to become 'dialogue partners' of a key Asian grouping

Asean success lures western interest

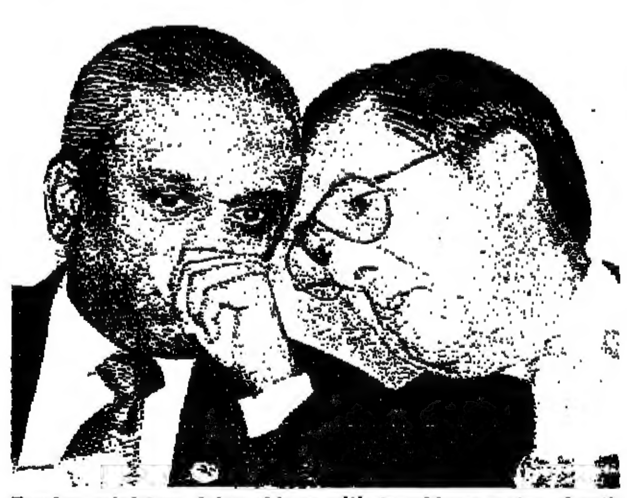
Mr Ali Alatas, Indonesia's foreign minister, was growing impatient. A western journalist had just asked his third consecutive question on the subject of democracy and human rights.

"Don't dictate to us and say that only the Westminster type of democracy is good or only the US type of democracy is good," Mr Alatas said. "That is either intellectual arrogance or intellectual impotence," he added, starting a ripple of applause from Indonesian journalists and officials.

Mr Alatas was talking as chairman of this week's meeting of the Association of South East Asian Nations (Asean), an increasingly powerful grouping of seven Asian countries.

The Asean nations cover 425m people with a notional gross domestic product bigger than Australia's. They control some of the world's most crucial shipping routes and several of them boast annual economic growth rates of more than 7 per cent. Foreign investment is flooding into the region and intra-Asean trade is booming as tariffs fall.

But on a more general level, Mr Alatas' comments were an assertion of what Asean cherishes most – an identity distinct from the west and a belief that quiet diplomacy and co-operation are more effective than confrontation. In the words of Mr Domingo Siazon, the Philippines' foreign minister, one needs "only to whisper and not shout" to get things done in Asean.



Foreign ministers doing things with 'a whisper not a shout': Singapore's Jayakumar (left) and Siazon of the Philippines Reuter

But now, it seems, Asean's cosiness is under threat. New nations are being inducted into Asean and into forums on the fringes of it. They are bringing with them a blizzard of new issues which are tending to blurring the group's focus. The seven Asean members – Thailand, Malaysia, Indonesia, Singapore, the Philippines, Brunei and Vietnam – are already outnumbered by 10 "dialogue partners" which take part in various discussions, mainly on security issues.

China, India and Russia were sworn in this week as new dialogue partners but still more countries are keen to join.

Adding to the crush are Britain and France which have applied to become dialogue partners, though they are already represented by the European Union.

In all, 21 foreign ministers took part this week in the Asean Regional Forum, Asia's prime vehicle for security issues. The talk ranged over a host of issues, some with marginal relevance to Asean.

One tired Asean official sighed as he recounted some of the topics covered in just one day of bilateral and multilateral meetings under the Asean Regional Forum – peace in former Yugoslavia, peace in the Middle East, Hong Kong after 1997, talks on the Korean peninsula, a global nuclear weapons test ban, human rights in Burma and labour rights under the World Trade Organisation.

"We touch so many subjects that we only caress the issues," the official said.

But it is the grouping's growing strategic importance that makes it attractive to the world's big nations. The west regards it as a useful counterweight to China's expanding military and political power. China, for its part, views it as a check to US influence in the region, Chinese diplomats said.

In past years, dialogue partners met several Asean ministers but now, because of the forum's size, each dialogue partner can only talk to one Asean foreign minister, who is flanked by senior officials from the six other Asean nations.

"We are losing the personal touch between foreign ministers which was so important to the Asean philosophy," added the Asean official. He said he believed there should be a moratorium on new participation in the Asean Regional Forum and an agenda focusing on issues strictly relevant to the region.

The admission of Burma as an Asean observer last week was heavy with strategic overtones. Mr Alatas' replies to western journalists were a rebuttal of a views held by many western countries that isolating Burma's military rulers will help to bring political reform to the country.

Burma has a close military relationship with China and many observers saw Asean's embrace of Rangoon, despite western protests over the country's human rights record, as an attempt to check the slide into China's arms.

Burma is due to become a full Asean member by 2000 but there are efforts afoot to invite it into the club along with Laos and Cambodia at the grouping's 30th anniversary next year. Such a scheme would restore the symmetry of 10 Asean members and 10 dialogue partners. But it would also raise the prospect of a two-speed Asean in which three or four less developed economies would trail the others in efforts to liberalise trade.

Vietnam, which was admitted last year, has already been given until 2006 to reduce almost all tariffs to below 5 per cent – three years later than the rest of Asean. The progress of Laos, Cambodia and Burma toward a liberalised economy is expected to be slower than Vietnam's and fraught with the problems of reforming a highly centralised economy.

James Kynge and Ted Bardacke

Thailand trims growth forecast

By Ted Bardacke in Bangkok

Thailand's economic growth in 1996 will be lower than forecast and the current account deficit and inflation rate higher, the country's central bank said yesterday.

Economic growth is now expected to be 7.8 per cent, against an original estimate of 8.3 per cent and actual growth of 8.6 per cent in 1995. Inflation, first projected at 4.9 per cent for the year, is expected to be 5.5 per cent, down from 1995's rate of 5.8 per cent.

The downward revisions were outlined by Mr Rerngchai Marakanonda, new central bank governor, in his first public presentation since replacing Mr Vijit Supinit, earlier this month. Mr Vijit resigned in the face of scandals that touched the credibility of Thailand's central bank.

Mr Rerngchai, 54, announced two measures he hopes will improve the bank's reputation. Appointed to an indefinite term, he nevertheless said he would step down after four years. He also created a high-level committee to supervise financial institutions in an attempt to detect problems more quickly and act on them more decisively. Failure to halt a pattern of dubious lending practices at the Bangkok Bank of Commerce helped to precipitate Mr Vijit's resignation.

Mr Rerngchai said no new measures to tighten monetary policy would be introduced and he would let interest rates fall "if that is what the market determined." The government would continue to run a fiscal surplus equal to 2.7 per cent of GDP while increased government spending in the second half of the year would be a major force in sustaining economic growth.

The current account deficit will be 7.8 per cent of GDP, against an original forecast of 6.5 per cent and 8.1 per cent for 1995. Export growth would be only 10.2 per cent compared with an earlier forecast of 17.4 per cent and 23.6 per cent in 1995.

ASIA-PACIFIC NEWS DIGEST

Japan store sales up 3.7%

Further evidence of an improvement in Japanese consumer confidence emerged yesterday in the form of the first six-monthly rise in department store sales in four-and-a-half years. Department store turnover rose 3.7 per cent to Y4,120bn ($38bn) in the six months to June against the same period last year. The Japan Department Stores Association warned the improvement came from an unusually low base.

Shoppers were reluctant to spend, early last year, because of the psychological shocks of the Kobe earthquake and a gas attack by religious extremists on the Tokyo subway said analysts. Kobe showed the strongest sales rebound, as it picked itself up after the tragedy. Sales there rose 40.5 per cent in the first half of this year. Sales nationwide were strong in personal goods and clothing, but weak in household goods and furniture, the association added. *William Dawkins, Tokyo*

Nuclear poll campaign starts

Campaigning for Japan's first local referendum on a nuclear power plant started yesterday in the town of Maki, Niigata Prefecture. The August 4 referendum will decide if the town should approve the building of a nuclear reactor by Tohoku Electric Power. The government and the pro-nuclear lobby fear it may trigger similar moves by local governments elsewhere in Japan.

Anti-nuclear sentiment has been rising since the leakage of cooling agents at Monju, the country's most advanced nuclear reactor, late last year. In a mayoral election in the city of Suzu, west Japan, earlier this month, the pro-nuclear camp defeated an environmentalist candidate. The construction plan, announced by Tohoku Electric in 1969, has been hampered by land speculators and environmental groups buying land in the planned location. The project has divided Maki (pop 30,000). Calls for a referendum were triggered by a 1994 announcement by the then mayor, initially elected on an anti-nuclear platform, that he would support the nuclear power plant. *Emiko Terazono, Tokyo*

Vietnam pushes on with refinery

Vietnam is to press ahead with plans for its first oil refinery at a remote site on its central coast, and has re-affirmed a deadline of December by which work should start, the official Vietnam News said yesterday. Industry analysts had questioned whether the $1.2bn Dung Quat refinery project would continue to receive backing from policymakers after the Communist party's landmark congress, which ended early this month.

But comments by deputy prime minister Tran Duc Luong seemed to confirm Dung Quat is still a priority. Work must start by December, Mr Luong was quoted as saying. The site, 1,000km north of Vietnam's offshore oilfields, was last year deemed uneconomical by the French oil company Total.

In March, the state oil agency PetroVietnam and a foreign consortium including South Korea's LG Group, Malaysia's Petronas, and Stone & Webster and Conoco of the US, agreed to carry out another feasibility study. *Jeremy Grant, Hanoi*

MPs seek prize for dissident

Some 100 British parliamentarians have nominated Chinese dissident Wei Jing Sheng for the Nobel Peace Prize. Mr Wei, a supporter of democratic reforms, was sentenced to 14 years' jail in December on charges of seeking to overthrow the government. He is "a worthy candidate for the honour," said Mr Denis MacShane, the Labour MP, in his submission to the Nobel prize committee. *Peter Montagnon, Asia Editor, London*

NEWS: THE AMERICAS

Mexico plans $8bn loan repayment

By Stephen Fidler and Leslie Crawford in Mexico City

The Mexican government said yesterday it would repay early $8bn in loans made as part of a US-led rescue package during Mexico's financial crisis last year.

This follows the success of a *big international* note issue launched this month, which the government said yesterday had been doubled in size to $6bn, making it one of the largest private financing operations ever.

Banks and other financial institutions applied to subscribe for more than $9bn of *the floating rate notes*, which are backed by exports of Mexican crude oil.

The success of this and other recent efforts to raise finance in the international *markets* will allow Mexico next month to repay early $7bn of US government loans and $1bn of International Monetary Fund loans extended in the bailout. Previously, the government had said it would prepay $4.7bn *in US Treasury loans* in August.

The prepayments mean the Mexican government is left with $3.5bn in loans to the US Treasury, compared with a peak of $12.5bn last year. They will reduce outstanding obligations with the IMF from $12.5bn to $11.5bn.

The move should help reduce the chances that last year's Mexican bailout, backed by President Bill Clinton, will surface in the US political debate ahead of the November presidential election.

Mr Guillermo Ortiz, Mexico's *finance minister, said that* because the private financings were cheaper than the US loans, the operations would reduce Mexico's interest charges by an annual $125m. They would also help iron out a hump in debt repayments faced by the government in 1998 and 1999.

The notes carry a *final* maturity of five years and an interest rate of 2 percentage points (200 basis points) over three-month interbank rates. The government will start making repayments in 1998, meaning that the average maturity of *the notes will be 3½ years.*

The success of the issue is in part because the notes carried an investment grade rating from the two main US rating agencies.

The backing of Mexican oil revenues – the issue uses mechanisms set up at the Federal Reserve Bank of New York *to* back the US government loans last year – means that the notes are rated more highly that the straight debt of the Mexican government.

Mr Ortiz said that the banks, led by SBC Warburg and J.P. Morgan, which formed part of *the original banking syndicate* underwriting the notes, would subscribe up to $2.5bn, and the rest would come from 180 banks and other financial instruments. A fifth of the applications came from European institutions and around 12 per cent from Asia.

The speed of Mexico's return *to the international financial* markets after last year's crisis has surprised many. Mr Rogelio Ramirez de la O. a Mexican economist, said external events had helped Mexico. "With high international liquidity, low US interest rates, and US growth, *Mexico couldn't have had a* financial crisis at a better time," he said.

Dole hints at tax cut plan

By Patti Waldmeir in Washington

Mr Bob Dole, the Republican *presidential contender, yester*day began revealing some of the details of his long-awaited economic plan, which could include a tax cut of as much as $600bn over six years.

Campaigning in Pennsylvania, Mr Dole revealed his annoyance at moves by senior Republicans to prod him into announcing his economic platform immediately. "We haven't announced it yet. Others have. It's not my announcement and it's not my plan," he said, referring to a highly publicised tax-cutting plan unveiled earlier this week by the party's congressional leadership. Many top Republicans are frustrated by Mr Dole's tardiness in announcing his own proposals.

Mr Dole yesterday told a group of small business owners in Harrisburg, Pennsylvania, that he would reduce the size and powers of the Internal Revenue Service, the tax-collection agency, and exempt small business investments from capital gains taxes.

He made no comment on the *scope of his overall economic* package, but his aides, commenting on published reports, confirmed that a tax cut package totalling about $600bn over six years was "under serious consideration." One option would be to cut taxes by 15 per cent, and another to repeal the tax increases of 1990 and 1993, both of which would cost an estimated $100bn per year.

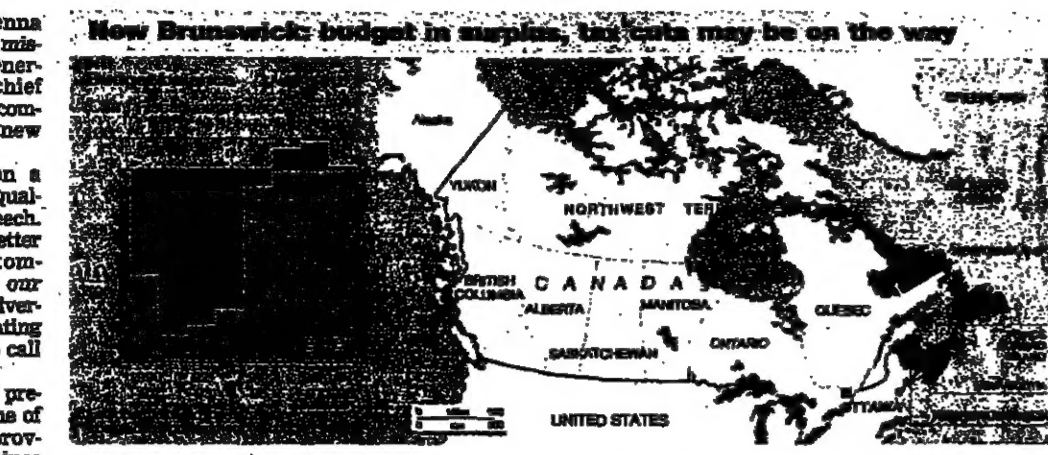
Mr Nelson Warfield, Mr Dole's spokesman, stressed that the plan remained a "work in progress."

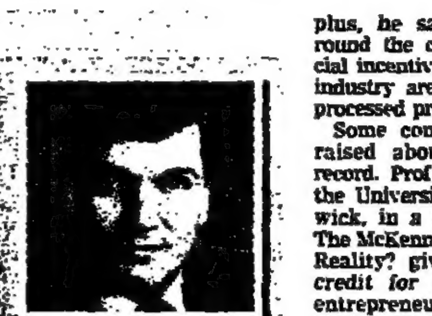
According to a working paper leaked to the Washington Post, Mr Dole's tax cut proposal would pay *for itself* largely through increased tax receipts resulting from higher economic growth. Increased revenues would be needed to ensure the plan did not boost the federal budget deficit, an outcome Mr Dole has pledged to avoid.

A politician you can do business with

Bernard Simon on the investor-friendly premier of the Canadian province of New Brunswick

New Brunswick: budget in surplus, tax cuts may be on the way





New Brunswick premier Frank McKenna: "We intend to be a quality-driven, not red-tape driven, customer-responsive government"

Mr Frank McKenna could easily be mistaken for an energetic North American chief executive shaking up his company and hustling for new business.

"We have embarked on a major initiative in service quality," he said in a recent speech. "It allows us to provide better service to our customers ... and ... *empowers our* employees." Newspaper advertisements urge anyone wanting to do business with him to call 1-800-MCKENNA toll-free.

Mr McKenna is in fact premier of New Brunswick, one of Canada's four Atlantic provinces. In the nine years since his Liberal government took office, he has embraced business with a fervour seldom seen among Canadian politicians.

His "customers" are the province's 730,000 residents and his "employees" its civil servants. "We intend to be a quality-driven, not a red-tape ridden, customer-responsive government," he told the legislature earlier this year. "If we're not – tell us. You are the client. You are also the boss."

But Mr McKenna is best known for his tireless pursuit of outside investors. With shirtsleeves rolled up his forearms, the premier said in an interview earlier this month that "I view my role as being the chief *executive officer of our busi*ness development. We campaign relentlessly for new jobs."

His strategy has paid dividends on two fronts. It has drawn investors to a part of North America that few were likely to consider five or 10 years ago.

It has also helped him win three elections. Mr McKenna has gained respect well beyond New Brunswick's borders to the point where he is mentioned as a potential successor to federal prime minister Jean Chrétien.

Mr Don Cayo, editorial page editor of the Saint John Telegraph-Journal, the province's leading newspaper, says none of the premier's critics has been able to match his *clear-cut sense of direction.* "There's more style than substance, although there's quite a lot of substance," Mr Cayo adds.

New Brunswick is one of Canada's "have-not" provinces. For years, it has boasted little more than vast forests and some of North America's best salmon streams. It has had little to offer commerce and industry as the centre of gravity in North American business moved west and then south.

The province has relied heavily on transfers from Ottawa in the form of unemployment insurance, welfare and subsidies designed to equalise living standards among Canada's 10 provinces. The unemployment rate is 12 per cent.

New Brunswick has recently acquired a potent selling point, however. Its telephone company, known as *NBTel*, has gained a reputation as an unusually entrepreneurial utility. New Brunswick claims to be the only US state or Canadian province with a fully digital phone network. All NBTel's 300,000 subscribers have access to voice *mailboxes* as part of their basic phone service. Every school has an Internet connection.

Mr McKenna, who jokingly introduces himself as NBTel's vice-president for marketing, has seized on this modern infrastructure to attract the telephone "call centres" used by many businesses to take orders, handle customer queries, or book travel reservations.

Almost 40 companies, employing more than 3,000 people, have set up call centres in New Brunswick, mostly in Moncton, formerly a gritty railway junction. The newcomers include Air Canada, Federal Express, Xerox, Royal Bank of Canada and several hotel chains.

The province *also* has the advantage of a relatively large French-speaking population, enabling the centres to handle calls from all parts of Canada. But several centres cover the whole of North America.

The aim now is to try to broaden the quest for investment. Mr McKenna notes that workers compensation premiums in New Brunswick are the lowest in Canada. With the province's budget now in surplus, he says tax cuts are round the corner. And financial incentives for the forestry industry are now confined to processed products.

Some concerns have been raised about the premier's record. Prof William Milne of the University of New Brunswick, in a monograph titled The McKenna Miracle: Myth or Reality? gives Mr McKenna *credit for instilling a new* entrepreneurial spirit, "into [the] public no less than [the] private sector". But he contends that rural areas have reaped little benefit, and he questions the use of taxpayers' money to attract business investment.

Mr McKenna's goal of creating a "self-sufficient society" is clearly still years, if not decades, away. His role in seeing the job through is uncertain.

Despite his popularity, Mr McKenna insists the curtain will come down on his political career when he decides to relinquish the premiership. According to a close friend, he is keen to earn some "serious money" in a job outside government.

Mr McKenna, who is a lawyer by training, appears to harbour doubts whether his success as the head of a small regional government can be replicated on a national scale. "If you're a hands-on manager, you have to pick your spot," he says.

Durable goods orders decline

By Michael Prowse in Washington

Tentative signs that economic growth could be slowing after a strong second quarter contributed to gains in *US* share and bond prices yesterday.

The Commerce Department said new orders for durable goods fell 0.8 per cent in June, a steeper decline than most economists expected. Separate data showed a 2.3 per cent decline in sales of existing homes last month – a sign that higher mortgage rates may be beginning to damp demand.

The figures provided some relief for nervous investors who have been selling financial assets in recent weeks on fears that rapid economic growth would trigger increases in short-term interest rates.

By midday the Dow Jones Industrial Average was up 57.83 at 5,412.02. The benchmark 30 year-bond gained half a point, pushing the yield down to 6.996 per cent. The drop in orders *followed* a robust 4.2 per cent gain in May and left orders 8.4 per cent up *on the same period last year.*

Excluding the volatile defence and transport sectors, orders were down 2.3 per cent last month and up only 2.2 per cent on an annual basis.

Orders for non-defence capital goods excluding aircraft – *often seen as a proxy for civil*ian investment demand – rose slightly in June, but were down at an annual rate of 8.3 per cent in the second quarter.

"My feeling is that we will see a slowing of growth in the second half," said Mr Bruce Steinberg, a *senior* economist at Merrill Lynch in New York. He said the Federal Reserve might avoid an increase in short-term rates next month if economic data were subdued.

ATLANTA OLYMPICS

Swansong for Britain's black king of the track

Linford Christie did not show up for the British Athletics Federation press conference at the Olympics village. Tony Ward, the press attache, introduced Ian Mackie, a young sprint hopeful. But we had all fought our way through the gridlock of Atlanta traffic to see Linford.

There will soon be plenty to see, and hear, of Christie – starting today in the heats of the 100m sprints, the event he dominated for much of the past decade with gold and silver medals at the last two Olympics and world and European championship titles. Win or lose, this will be his last big event.

Last year, from every pulpit in Britain, a stony-faced Christie declared *that he* would be retiring at the end of the 1995 season, and so would not defend his Olympic title. There were those in the media who dared to be sceptical. An inability to pick the right time to retire has long characterised the autumn years of British sporting lives. From soccer legend George Best to Olympic figure-skating duo Torvill and Dean, many have executed a clumsy U-turn *in the* wake of their desire to "bow out at the top."

Christie's premature announcement was different only in that *it* served to intensify the belief that here *is a sportsman* who fails to understand his own part in the often hostile relationship between himself and *the British media.*

Christie both seeks the attention of the media, and loathes their scrutiny. He tries to manipulate an area beyond his control. Which is a shame, because Christie is one of the most important and successful British sportsmen of recent years.

The US writer James Baldwin once pointed out that such media attention is simply "the price of the ticket", and one has to learn not to retaliate but to *anticipate. Sadly,* sprinters are notoriously reactive individuals, whether to gun or pen. In Christie's case, this edginess is complicated by another factor.

Linford Christie is black and, as he states clearly in his autobiography, he believes Britain to be *institutionally racist. He grew up in* west London, in the emotional zone between the solid Christian fundamentalism of his parents, and the limited ambitions of his working class friends. There was nobody to help him negotiate a path between these two realities. This social, and generational, confusion was always complicated by issues of race, in a Britain which suffered outbreaks of rioting and looting in the early 1980s by black youth against a society in which they felt they had no stake.

Christie's renowned patriotism, exemplified by a memorable shot of him after the 1986 European championships draped in a Union Jack, was born out of this tension and insecurity, out of having to make a decision to move beyond the ner*vous hesitancy of* his upbringing, and placing his feet on solid ground where he might achieve.

His gesture with the *flag* declared, "I am British – deal with it." It got him into trouble with the European athletic association, who considered it too nationalistic, and earned him adverse comment from some in the British black community, unhappy that he should appropriate a symbol of "oppression".

Ten years on, Christie's impatience with the media is partly underscored by the fact that few journalists, if any, acknowledge the *hugely important* role Christie has played in changing people's perceptions about modern Britain, both at home and abroad. It may be that the legacy of Christie's achievement will not be his athletic achievements, but his donning of the Union Jack back in 1986. At precisely the moment when a second-generation of black British youths were in need of someone to tell them that they *belonged, along came Linford Christie.*

Having struggled my way to the press conference, I was doubly disappointed when I realised that mine was the only black face in the room. Under Christie's leadership, the British track and field team have been the most visible manifestation of a multi-racial Britain. Neither in parliament, nor in business, nor in other big sports, is the complexion of late twentieth-century Britain fully reflected.

Tony Ward guided *Ian Mackie* through an orchestrated series of questions about his hopes and aspirations. As British TV crews slipped away, Ward confirmed that Christie would be doing a conference for his sponsor, Puma, at a different venue, on a different day. Such are the realities of sport in the modern era.

Caryl Phillips

Linford Christie dons the Union Jack at the 1992 Barcelona Games Allsport

ATLANTA DIGEST

Japan volleyball victory over US

After a surprise win over Brazil in men's football, Japan have now upset the US in beach volleyball, the sport invented on the shores of California. The Japanese duo of Sachiko Fujita and Yukiko Takahashi yesterday eliminated the third-seeded US pair Gail Castro and Deb Richardson, knocking out the first of the three US teams in the inaugural Olympic tournament. ""We had expectations," said Richardson. *AP*

Back-up system for athletics results

Olympic Games organisers are setting up a "belt and braces" back-up system for transmitting athletics results to news organisations in case earlier problems have not been solved. The system devised by IBM to transmit results to news agencies has been plagued by problems since the start of the games. Although the Atlanta organising committee said the service was improving, it and IBM were setting up a back-up system for the athletics programme, starting today, as a precaution. *Peter Aspden*

Smith cleared of drug misuse

Ireland's triple gold medallist swimmer Michelle Smith, centre of a row between Ireland and the US over drug allegations, was cleared yesterday when the first round of drug tests from the Atlanta Olympics were announced. But Australian sprinter Dean Capobianco and Italian high jumper Antonella Bevilacqua were cleared yesterday to compete in the games despite recent positive drug tests. *Agencies*

Results

Rowing

Men's double sculls semifinals (first three to final), Heat 1: 1 Italy 6:37.49; 2 Norway 6:40.15; 3 Germany 6:42.57.

Hockey

Men's hockey preliminaries, Group B: South Korea 3, South Africa 3.

Shooting

Men's 50-metre free rifle prone shooting: 1 C Klees (*Germany*) 704.8 (new world record).

Equestrian

Three day event individual standings after cross country round: 1 B Tait (New Zealand) R Teddy 56.80; 2 S Clark (New Zealand) Squirrel Hill 60.40; 3 K Millikin (US) Out and About 67.20. Also: 7 M King (GB) King William 78.00.

Today's highlights

Athletics: Men's 20km walk, men's triple jump qualifying, women's 100m heats, men's 100m heats, women's 400m heats, men's shot put.
Shooting: men's 25m sport pistol; men's skeet; women's 25m sport pistol; men's 10m running target.
Swimming: Men's 1500m freestyle, men's 200m backstroke, women's 200m butterfly, women's 50m freestyle, men's 4x100m medley.
Waterpolo, quarter-finals: Yugoslavia v Croatia, Hungary v Greece, Spain v US.
Hockey: Men's preliminaries: Pakistan v India.

India laments lack of a sporting chance

Only China exceeds India's population of 920m, but this populous land sent just 49 athletes *to* Atlanta. Those 49 carry very modest medal hopes, for a country that has won gold medals in only one sport, men's hockey, in the 50 years since its independence.

India's only athletics medals are two silvers for the 200m sprint and 200m hurdles in the Paris games of 1900 by Norman Pritchard, a Calcutta resident during British rule who, legend has it, "just happened" to be in Paris at the time.

Night-owl Indians can watch the games, *on live broadcasts* courtesy of state TV channel Doordarshan. "If *we start* winning the hockey, everyone in India will be watching," says Mr KP Mohan, senior writer with Sportstar, an *Indian* sports magazine. "If we start losing then there'll be a huge debate on why such a massive country can't produce any athletes."

Explanations for India's poor showing abound. They range from dismal facilities, low levels of nutrition, high levels of poverty, to the low profile sports apart from *cricket enjoy* in Indian society.

But lack of money is the most critical factor, laments Mr Mohan. "Our athletes go to the Olympics without any hope," he says.

"All of them will be eliminated in the first round. They've all gone *without* any of them having competed anywhere else in the world – they don't have the money."

State aid for sport is tiny. Federal spending on "sports and youth services" last year was $37m, 0.053 per cent of total spending. Commercial sponsorship is only now seeping into sports other than cricket – a modest trend encouraged by recent sport coverage on satellite channels, such as Star Sport and ESPN.

As more US and foreign multinationals arrive, using sport as a tested marketing tool, there is the promise of more funding to come: India's Olympic team is sponsored by AT&T, Coca Cola and Citibank.

India's last gold medal was at the boycott-hit 1980 Moscow games, and hockey again looks India's only good bet this time, though the side lost its first game against Argentina and only managed a draw with Germany, before hitting form with *a 4-0 thrashing* of the US.

But the handful of Indian shooters, swimmers, archers, weightlifters, boxers, judokas and table-tennis players in Atlanta will largely be content just to have taken part. The boxers, weightlifters and shooters all fell at the *opening* rounds.

A similar fate looks likely for India's track and field athletes. But another failure won't change anything, thinks Mr Mohan. "There *will be questions in parliament*, a committee will be set up, probably. Then everyone will forget about it. We have so many thousands of other problems to worry about."

Mark Nicholson

British Gas shocks North Sea oil industry

By Robert Corzine

British Gas has sent a shock wave through the government and the North Sea oil industry by demanding a £1bn ($1.56bn) rebate on gas levy payments made over the past 10 years - since the company was privatised.

The company, which is under intense regulatory and competitive pressures, issued a writ on Wednesday against the Department of Trade and Industry to recover the funds.

It also threatened to withhold part of its next quarterly gas levy payment, due next month, unless the issue was resolved.

The company's surprise move forced the DTI to issue parallel writs against 27 oil companies which produced the gas bought by British Gas. The DTI says it would be liable if British Gas were to win its case.

The gas levy was imposed in 1981 on low-cost gas fields, mainly in the southern North Sea. It was meant to prevent British Gas – when it was a state-owned company – from gaining windfall profits in the wake of the 1970s oil shocks. A total of almost £3.2bn has been collected by the Exchequer from the levy over the past 10 years.

British Gas, which has previously asked for the levy to be lifted, said it was not challenging the law. It has merely found a legal loophole which it says should have exempted it from paying the levy due on 24 contracts covering eight North Sea fields.

Company executives yesterday denied that the writ was connected with the company's dispute with North Sea producers and the government over £40bn of long-term gas contracts that it wants renegotiated.

"This is not an aggressive use of a legal issue to obtain bargaining chips" in a wider dispute, said one executive. But one industry analyst yesterday suggested that the company was "going back to the past to make progress in a future" which was filled with financial uncertainty.

The DTI has rejected British Gas's position, but said it "could not ignore the risk, however small, that British Gas may prove to be right". No action would be taken to serve the 27 "protective" writs unless British Gas proceeded with its claim, The DTI added.

British Gas contends that the 24 contracts, all of which were signed before 1975 and all of which are long-term sales contracts, have evolved substantially over the years in to virtually new agreements, with many new parties replacing the original producers.

As such they should come under the 1990 Finance Act which specifically made British Gas or the producers liable for the levy. British Gas was effectively solely liable under previous legislation.

British Gas says its is not asking the producers to assume such responsibilities, although executives admit that would be the outcome if they won their case.

It was unclear last night whether British Gas would get to keep the £1bn if it did win. Executives said they had a responsibility to shareholders to make the claim. But the Gas Consumer Council published part of a 1989 letter from the company, in which it said that ".... any reduction in the levy would be passed on to customers".

McDonnell Douglas among losers as strategy to modernise the armed forces is confirmed

Most of £3.5bn defence contracts stay at home

Most of the UK defence industry was celebrating yesterday as £3.5bn ($5.46bn) worth of delayed British defence orders was announced. Three-quarters of the contracts are likely to be completed directly by British industry.

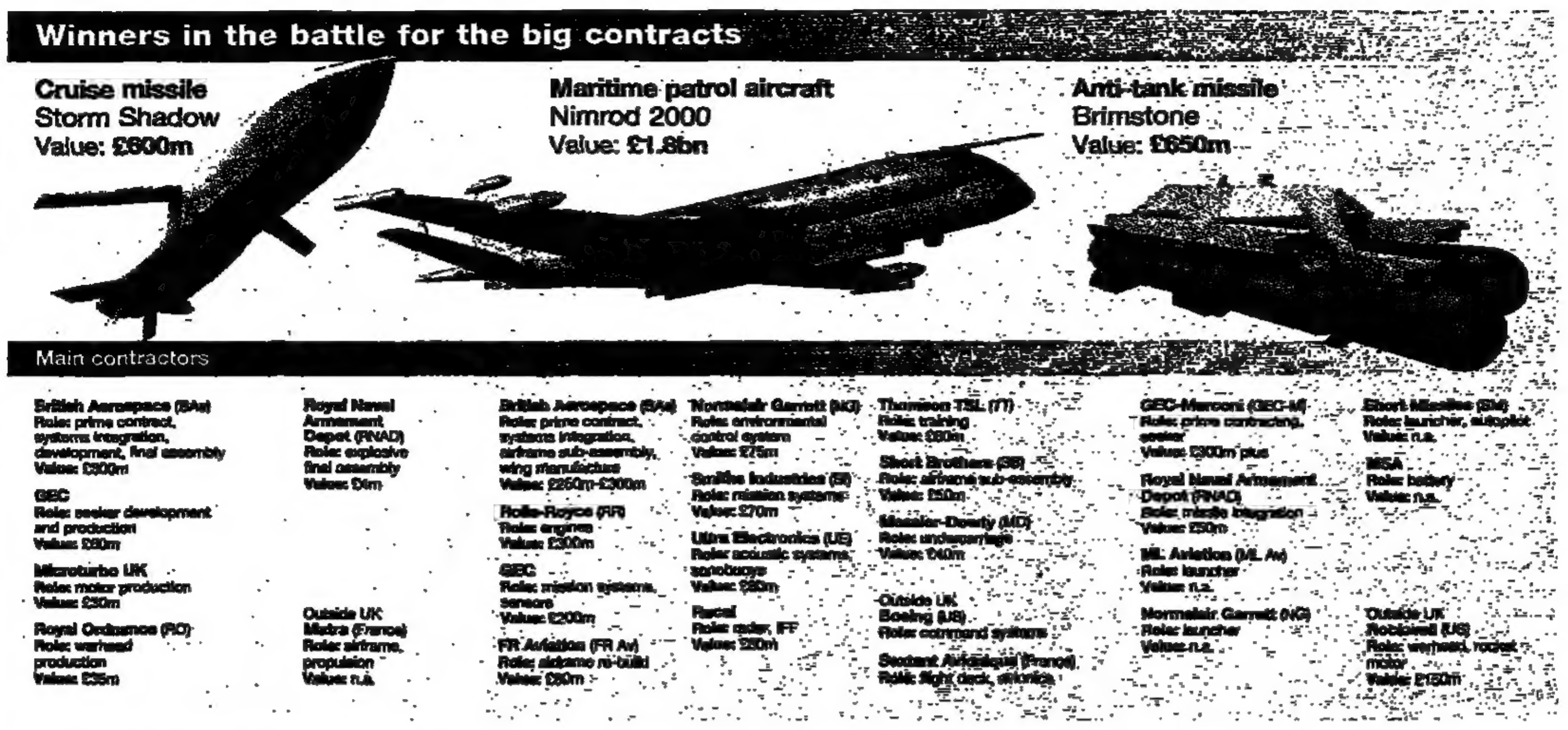
The winning bidders have promised to place additional work on other projects in the UK - worth a quarter of the value of the contracts that will be done outside the UK.

Among the disappointed losers, McDonnell Douglas, the US aerospace giant, had felt that its cruise missile was the cheapest, the favourite with the Royal Air Force, and offered the prospect of commonality with the US Air Force, for which the company is producing a similar missile.

There were some battered grins in the RAF which has had to fight a tremendous rearguard action to prevent its cherished weapons from slipping into a Treasury limbo. However, the modernisation of the force will go ahead, offsetting some of the pain of the personnel cuts of recent years.

From a wider UK Ministry of Defence perspective, securing the orders has also kept its strategy of having a smaller, but more capable, force intact after it had come close to being undermined.

Politicians were fighting shy, dissipating some of the kudos supposed to flow from the announcement of a large pre-election package of work for the hi-tech part of the engineering industry. The MoD had wanted to make a big splash in parliament with the orders two weeks ago, but became locked in a battle with the Treasury and parliament went into its summer recess before the orders were finally released.



In the confusion of yesterday's rushed announcement, figures on the number of jobs created, the value of the contracts and even the identity of some of the winners started to get blurred. It was clear, however, after brutal price competition had cut profit margins to the bone, that not even the winners would be retiring to the Bahamas on the profits from the deals.

When the dust had settled, some long-standing favourites were celebrating. British Aerospace and Matra of France won the cruise missile competition, and BAe also clinched the largest contract for replacement of the Nimrod Maritime Patrol Aircraft. GEC took the anti-tank weapon contract, overturning an earlier lead by Hunting Engineering.

The £1.8bn Nimrod replacement contract will create or sustain around 10,000 jobs in the UK, according to BAe. As well as providing work for the UK defence industry giants - BAe, GEC and Rolls-Royce - much of the work on Nimrod will trickle down to lower tier companies.

Work on the missile contracts is concentrated on the main contractors and several critical components makers. Nonetheless, BAe estimates that work on its £800m Storm Shadow missile will create or maintain about 1,600 jobs in 80 engineering companies across the UK. GEC says that its £650m anti-tank missile, Brimstone, will provide work for 3,000 people in 25 large subcontractors.

Two small UK missile companies were also among the losers. Hunting Engineering felt that its anti-tank weapon, for a long time the favourite, offered the cheapest cost to the MoD and was actually the winner of the procurement competition, but that it was overturned by political lobbying from GEC. Shorts of Belfast had hoped that winning both missile contracts would create 400 jobs to replace some of the 700 so far lost because of the collapse of Fokker. Amid much muttering that the orders were fixed for favoured UK manufacturers, there will undoubtedly be a post-mortem on the way that the procurement process has worked in the current bids.

The idea the MoD's system is a purely competitive process - where the best value offering wins - has taken a dent.

There has clearly been a shift in MoD policy towards an implicit industrial strategy. In placing the orders, it has chosen to bolster BAe in both aircraft and missiles, and GEC as its missile-seeker champion. It may force rationalisation around big industrial groups.

The awards also strengthen moves towards a wider rationalisation of the European defence industry - needed if it is to survive against growing US competition.

British Aerospace has been talking to defence companies in France and Germany for many months. An increase in the workload in its factories will strengthen its hand in any merger negotiations.

Most immediately, the cruise missile deal secures the joint venture between BAe and Matra in missiles and binds the two closer together in their bid to buy Thomson-CSF, the French electronics company due to be privatised shortly.

Deadline set for N Ireland talks

By Jimmy Burns

UK and Irish officials have agreed that talks on substantive issues relating to the future of Northern Ireland should begin "no later than September 16".

The setting of a deadline on the start of the so-called three-stranded talks - determining the future relationship between parties within Northern Ireland, between Belfast and Dublin, and between London and Dublin - was contained in a document circulated prior to talks chaired in Belfast yesterday by Senator George Mitchell.

The document also details an outline chronology beginning with a formal opening session of all-party talks next Monday after a breakthrough this week in the procedural deadlock.

The talks are expected to adjourn until September 9 when parties will be invited to make formal statements relating to the future of Northern Ireland and move to establish "an agreed machinery to carry forward the work on decommissioning".

A senior official close to the talks said the document had been drafted with the aim of giving a "necessary impetus to the peace process", after the setbacks of recent weeks, although there remained considerable scepticism about the chances of success.

"Both governments still have a shared sense of the general direction in which things should move, and what the majority of people in Northern Ireland want. It could all still be blown out of the water though," the official said.

Officials are hoping to make the issue of decommissioning part rather than a focus of the talks, although London and Dublin remain divided as to the timing for forcing the issue.

According to Irish officials, the way the proposed chronology has been set is a confidence building measure aimed at paving the way eventually for a resumed IRA ceasefire and the involvement of Sinn Fein in the talks.

Mr David Trimble, the leader of the Ulster Unionists, said he was "quite pleased" with the way in which the procedures for drawing up an agenda had been structured, but insisted that the issue of decommissioning would be at the top of the agenda in future talks.

He added that "Northern Ireland's future within the UK" could not be negotiated.

Competitive pricing aids upturn in EU exports

By Gillian Tett, Economics Correspondent

Fresh hints that the UK economy may be gathering steam emerged yesterday after official data showed that UK exporters were seeing strong overseas growth again. In particular, UK companies are now having much more success in selling their goods in mainland Europe.

This surge in trade is in sharp contrast with the picture seen in 1995, when an export slowdown soured the previous year's export boom.

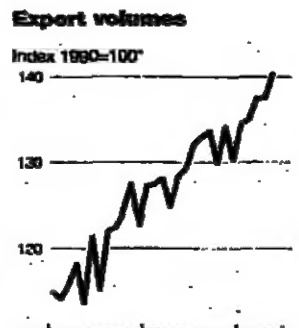
The unexpected upturn has boosted hopes that UK manufacturers may now be becoming more competitive - not least because their sales to Europe have been rising in face of weak demand in countries such as France and Germany.

Nevertheless, the trade figures are subject to some uncertainty, not least because they have recently been revised.

And with business surveys still suggesting that some companies are finding export markets difficult, price competition remains intense.

Measured overall, the Office for National Statistics said that exports totalled a seasonally adjusted £14bn ($21.84bn) in May, while imports were £15bn. April's underlying deficit was £1.4bn.

Export volumes



Source: ONS *Excluding oil and erratics

It is uncertain whether this improvement will continue into June: the trade data on countries outside the European Union - which is published before the EU data - shows that the non-EU deficit widened to £1.1bn in June from £814m in May.

Nevertheless, this increase in June's non-EU deficit largely stemmed from erratic items, and the underlying trend in the deficit was broadly flat. However, the more interesting shift in the numbers concerned the pattern of exports. Measured in volume terms, excluding oil and erratics - the most reliable guide to the trend - these grew 3.9 per cent in the three months to May, compared with the previous three months.

Compared with the same period a year earlier, the rise was 8.9 per cent. This is about double the rate of yearly growth achieved during the 1980s, and much healthier than the pattern expected by economists. It is also higher than the rise in import volumes, which were 8 per cent higher in the three months to May than a year earlier.

Export volumes to the EU rose a healthy 4.4 per cent in the past three months. Although exports to Germany have fallen slightly, sales to France, Austria, Finland and Sweden have been sharply higher. Manufacturers have only achieved this export surge through competitive pricing: EU export prices have fallen back by 0.6 per cent in the past three months, compared with the previous three months.

Meanwhile, export volumes to countries outside the EU were 2.7 per cent higher in the three months to June than the previous three months, and 9.4 per cent higher than the same period a year before.

UK NEWS DIGEST

End in sight for mail dispute

A settlement of Britain's postal dispute appeared imminent last night, but there was no sign of any early end to the London Tube drivers strike that brought another 24-hour shutdown in the capital and widespread traffic chaos yesterday. The next Tube shutdown is due on Monday.

The breakthrough in the postal dispute was reflected in the decision by the Communication Workers union executive to call off its planned 24-hour strike for today saying "considerable progress" had been made towards a deal after four days of negotiations with Royal Mail at Acas, the conciliation service.

The union's conciliatory gesture means the government will no longer need to go ahead with its threat to suspend the Royal Mail's monopoly on letter services from today. Mr Ian Lang, the trade and industry secretary, had intended to open up the postal services temporarily to competition if today's strike had gone ahead. *Robert Taylor, London*

■ LLOYD'S

Names' fraud claim 'high-risk'

Dissident Lloyd's investors who tempted to turn down the market's £3.2bn ($4.99bn) out-of-court settlement offer and rely instead on trying to prove that they are the victims of fraud to win compensation were warned yesterday that it was a "high risk strategy". It is understood the idea is being widely canvassed among Names - the investors who traditionally support the market with their personal wealth. In a letter to 24,000 action group Names, three leading figures describe the idea as a "last ditch initiative".

Sir David Berriman and Sir Adam Riley, of the Association of Lloyd's Names and Mr Tom Benyon of the Society of Names said investors would lose all the benefits of the settlement for the risks of a legal action. They also claim that if proven, a charge of fraud would invalidate Names reinsurance and other insurance cover. "It would also simply push losses backwards to the Names," they said. *Jim Kelly, London*

■ NATIONAL LOTTERY

Operator looks overseas

Camelot, the National Lottery operator, confirmed yesterday that it hoped to expand to other countries, but refused to comment on a report that it had expressed an interest in a proposed lottery in South Africa. Under its UK licence, Camelot is classified as a "single purpose company" which is not allowed to enter any other business without the consent of Mr Peter Davis, director-general of the National Lottery.

Oflot, the lottery regulator, said it would scrutinise any proposal for an overseas venture by Camelot or any of its five owners. Responding to the report, in Electronics Times, Camelot said that it had held discussions with South African authorities as it had with lottery operators in other countries. *Clay Harris, London*

■ AIR SAFETY

British Midland fined

British Midland airline was yesterday fined £150,000 ($234,000) after admitting criminal breaches of aviation safety laws when maintenance errors almost caused an airliner carrying 183 passengers to crash shortly after take-off.

In what the Department of Transport describe as a "potentially catastrophic emergency", the airliner lost almost all its engine oil after maintenance engineers failed to refit engine covers during a routine inspection last February. Shortly after take-off, the crew noticed the drop in oil pressure and made an emergency landing at Luton airport.

The fine followed publication of a Department of Transport report into the incident which criticised both the airline and the Civil Aviation Authority for inadequate procedures.

The case was the first criminal prosecution ever brought by the CAA against a scheduled UK airline. British Midland admitted two breaches of the Air Navigation Order 1989 by endangering the lives of both passengers and people on the ground. *John Mason and Scheherazade Daneshkhu*

■ SIR DAVID NICOLSON

Respected businessman dies

Sir David Nicolson, who died recently at the age of 73, was the first chairman of British Airways and as such the man brought in to merge BOAC and BEA, the two state airlines. Sir Colin Marshall, current chairman of British Airways, paid tribute to Sir David, calling him "a highly respected and recognised businessman of the country".

Sir David served in World War II and subsequently joined Vickers. He became chairman of the P-E Consulting Group and was credited with being one of the first to introduce American business techniques into the UK. He was appointed chairman of the new BA board in 1971, while continuing as chairman of BTR, the engineering group.

After the successful merger, he left BA in 1975 to become chairman of Rothmans International, the tobacco group. He sat on the board of many companies during his career, including VSEL, the shipbuilder, GKN and Tace, the engineering groups. He was elected to the European Parliament in 1979. *Scheherazade Daneshkhu*

PUBLIC NOTICES

offer

NOTICE UNDER SECTION 11(2) OF THE ELECTRICITY ACT 1989

The Director General of Electricity Supply (hereinafter referred to as "the Director") pursuant to section 11 (2) of the Electricity Act 1989 (hereinafter referred to as "the Act") hereby gives notice as follows:

(a) He proposes to modify the conditions of the Licence granted to Midlands Electricity plc under section 6 (1) (c) of the Act by inserting new Conditions 2A (restriction on activity and financial ring fencing) and 2B (availability of resources) and by amending Conditions 1 (definitions), 27 (disposal of assets) and 28 (provision of information to the Director);

(b) He proposes these modifications because the majority of the shares in the company holding the licence is now held by another company;

(c) In summary, the effect of the modifications is:

(i) with small exceptions, to limit the Licence holder's business to the supply and distribution of electricity;

(ii) to limit the extent to which the Licence holder may hold shares in other companies within its group of companies;

(iii) to require the Licence holder to act in a manner calculated to secure that it has sufficient management and financial resources;

(iv) to require the Licence holder to give an annual certificate as to the adequacy of its financial resources;

(v) to forbid mortgaging assets or borrowing save for limited purposes;

(vi) to restrict transactions with other members of its group of companies except on normal commercial terms;

(vii) to require undertakings from its holding company that other companies within the group will refrain from action likely to cause the Licence holder to breach its obligations under the Act or the Licence, and that other companies in the group will give the Licence holder all information necessary to enable the Licence holder to comply with its obligation to give information to the Director.

A copy of the proposed modifications can be obtained (free of charge) from the Office of Electricity Regulation. Any representations or objections to the proposed modifications may be made on or before 26 August 1996 to the Director at the Office of Electricity Regulation, Hagley House, 83-85 Hagley Road, Edgbaston, Birmingham B16 8QG.

T DAVIS
Authorised on behalf of the Director
26 July 1996

IT Senior Appointments

IT City Appointments

IT City Appointments

Design graduates shy away from the uncertainties of a freelance career, says **Richard Donkin**

Full-time aspirations

The career aspirations of some of the UK's top graduates at this year's exhibition of graduate designers in London were revealing. All the design graduates I spoke to said they wanted a permanent job with an employer.

"This is what most people want but the full-time jobs tend to be quite thin on the ground," said Michaela Herron, a Manchester-based graduate.

Like many many of her contemporaries, her work was easily of a standard that would support a successful solo career. But she had been offered a full-time job which she thought she would take – craving the security of full-time employment.

Graduates find it difficult to organise a freelance career once parted from the resources of the university design department. Lisa Jenkins, a graduate of Huddersfield University, was optimistic about selling one of her designs but admitted that she had little experience of negotiating a price. "The difficulty is that we don't want to over-price ourselves or sell ourselves short," she said.

Jacqulyne Toose, a graduate of Chichester College of Higher Education, was hoping to sell a large wall hanging to the Rover Group. This had involved her in a first encounter with the laws of copyright. "It would have been so useful to have had copyright explained at college," she said.

Sharon Plant, one of the organisers, said some university courses were beginning to cover commercial and marketing skills, but there were still very few of them. Jenkins said that although she would have found such a course valuable, her own studies were so comprehensive there would have been little room for it.

At least the students had a shop window to parade their skills. Some companies, such as Habitat, Liberty and Osborne & Little, support the exhibition with with awards and exhibitions. For example, Liberty, the London department store, is planning to exhibit some students' work in its new café. But not all potential employers are so supportive. I heard of one company offering a job without pay.

If the flexible labour market is becoming a reality the message does not yet seem to have filtered through to universities. Too few students are emerging equipped to exploit the advantages of flexibility and instead are finding themselves vulnerable to exploitation.

Reference fears

The Bank of England has discovered what many of us already knew – that job references can be easily abused. Some banks, it appears, have been failing to take up references. There have also been instances of incompetent or dishonest staff receiving good references as part of deals persuading them to go quietly.

The Bank has warned against this practice in a letter circulated to 500 authorised banks. The letter, quite rightly, warns banks to consider the implications of failing either to check references fully or failing to give "frank references for unsatisfactory former employees".

If the proper use of references is being ignored there seems no point in having them. The problem of delivering effective references, however, is not confined to the UK.

Brian Chandler-Lorenz, who runs a consultancy in biotechnology and healthcare in Bad Krozingen, Germany, has drawn my attention to employment laws in German-speaking countries which require employers to provide references for employees. These so-called "open references", or Zeugnisse, are enclosed with CVs in job applications.

If the employee is not satisfied, he or she can demand changes. It is not uncommon for poor performers to return their first drafts with alterations to present themselves in a better light. Chandler-Lorenz says that the tendency is, therefore, to write such open references in carefully coded messages. For example, the phrase: "He always did his best to . . ." means "He tried but couldn't do it."

Some employees have now been alerted to the codes. The open references, therefore, have become virtually worthless but, says Chandler-Lorenz, "The ridiculous custom is still followed and no-one would dare send in a job application without his Zeugnisse."

A secure future

Fears are being expressed by the Lords public service committee that privatisation of the Recruitment and Assessment Service, the organisation which recruits fast-stream civil servants and candidates for the security services, could pose a risk to national security. The peers fear worried that privatisation might allow a foreign-held company to gain control of intelligence recruitment.

Their concern might be more understandable if the intelligence services could boast a history of unblemished recruitment success. In any case, the intelligence services have relied heavily over the years on foreign-born nationals in their service, sometimes in senior jobs.

Stephen Dorrill, who has carried out several studies of the UK intelligence services, points out that many of the most senior posts in MI6 were occupied by Russians up to the 1950s. There was a strong tradition of recruiting white Russians to counter the Soviet threat.

The later exposure of the Dutch-born George Blake as a Soviet spy did, however, inspire some prejudice against foreigners. In future there is likely to be greater co-operation in intelligence gathering between member states of the European Union, so the approach to recruitment may be due for a re-think.

He says: "I can see the stage in 10 years where there could be a European intelligence service staffed by French, German and British officers along with other colleagues from their European partners."

In the short term, there seems little possibility of a foreign-owned recruitment service. The shortlisted contractors are all British-based. If one of them were to be acquired by a foreign buyer it might not be too difficult to ensure that its UK civil service activities were kept as a secure entity.

Foreign affairs

Avoiding the sack may not be the first thing that comes to mind when you apply for an overseas assignment. But a spell overseas may not be a bad idea if you are worried about your future job prospects in the company downsizing programme.

Arthur Andersen, the management consultancy, has published a new study of international assignment policies which suggests there may be a lot of truth to the old saying, "out of sight, out of mind". It suggests that while the biggest multinational companies may have a firm grasp on their home-based personnel policies, their employment practices in overseas subsidiaries and joint ventures often fall short of best practice.

A survey of 19 international assignment policies among 60 multinationals found half made no provision for the possible termination of an employment contract during an overseas assignment.

Some 65 per cent of the policies, said the report, did not deal adequately with repatriation and reintegration on completion of assignment. Other problems highlighted were failures to spell out details of medical cover or to consider any form of assistance for an employee's partner.

Karen Hamilton-Smith, head of Arthur Andersen's International Executive Services Practice, says the failure to operate effective controls of assignments mean that some companies are unable to quantify their costs or evaluate the business returns.

"Although employees are generally moved around the world under the terms of an established policy, such policies are often insufficiently flexible for a global marketplace," she says. "The result is that unnecessary costs are incurred, putting the company at a competitive disadvantage."

International Assignment Policies. Arthur Andersen, 1 Surrey Street, London WC2R 2PS. Free

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Our client, Mercury Asset Management, is Britain's leading investment house with over £81 billion under management. They are one of the fastest growing money purchase providers in the UK. Their success is due not only to their excellent investment performance record but also to the quality of service and depth of technical expertise that they are able to provide. Following the recent launch of an exciting new defined contribution product, integrating investment and administration services, two key individuals are now sought.

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You will focus on gaining defined contribution business via the employee benefit consultancies. Key responsibilities will include making presentations to potential clients, liaising with benefit consultants and managing the accounts for existing clients. You will have a proven sales track record gained in institutional sales to clients and consultants in the pensions sector.
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This appointee will be responsible for managing and developing member communications services such as enrolment meetings, annual review meetings and ongoing support via the telephone helpline. The area is expected to grow dramatically as member expectations become increasingly sophisticated. The successful candidate will have a detailed technical knowledge of pensions most likely gained within a life company and have excellent communication skills. Appropriate skills to satisfy PIA requirements are essential.
Reference 1174

Remuneration will include a highly competitive package of basic salary and bonus together with excellent benefits. In the first instance, please send a full CV including salary details quoting the appropriate reference number to Fiona Law at FLA Ltd, 211 Piccadilly, London W1V 9LD.
Tel: 0171-738 9732.

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- Important role in small team. Work closely with Directors on every aspect of deal creation, structuring and execution.
- Take rapid responsibility. Build relationships with clients and colleagues.

QUALIFICATIONS
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- Highly motivated, entrepreneurial and ambitious. Strong interpersonal and communication skills. Ability to absorb pressure. Team player.
- Numerate, p.c. literate with strong financial modelling aptitude. Demonstrates good attention to detail. European languages advantageous.

Please send full cv, stating salary, ref FS60706, to NBS, 10 Arthur Street, London EC4R 9AY

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The role
- construction of written responses to questionnaires from investment consultants and prospective clients
- interpretation of the company's operations for drafting of submissions and RFP's for new business enquiries
- responsibility for quarterly information packs and general unit trust information
- supervision of one staff member
- scope, in due course, to further develop into other areas within an expanding department.

The successful candidate

The individual will be required to gain an understanding of the PDFM investment philosophy and process and its practical implementation. The following requirements also apply:

- an understanding of the use of performance measurement and its results
- at least 2 years' experience of the investment industry, ideally within investment consultancy or a related field
- degree level preferred, or at least A Level standard education
- a dynamic personality with confidence in liaising with fund managers and senior staff throughout the company
- very good oral and written communication skills
- experience of staff supervision, and ability to work as part of a team
- ability to use own initiative and to be proactive.

Interested candidates should send their CV to:
Linda Tottem
Senior Personnel Officer
UBS Asset Management London Limited
Triton Court, 14 Finsbury Square
London EC2A 1PD

UBS Asset Management London

The EIB, the financing institution of the European Union, is currently seeking for appointment to its Legal Directorate at its headquarters in Luxembourg a

Lawyer (m/f)

European Investment Bank

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in a challenging international and professional environment, the lawyer of English mother tongue will form part of a team responsible for English-language legal operations and will draft and negotiate documentation for the Bank's operations. He or she will also advise the lending departments of the Bank on legal structures for secured financing operations, will negotiate and liaise with external legal counsel and co-financiers and will advise on general legal issues affecting credits and may be called on to advise on legal questions affecting financial markets, restructuring and post signature procedures.

Qualifications: Candidates will be members of a legal professional body in a country of the Common Law tradition. They will have a minimum of three years' post-qualification experience in banking law or commercial and financial law. Knowledge of Civil Law and EC Law would be an asset. The selected candidate will have proven drafting and inter-personal skills, competence in word-processing and an ability to work under pressure. He or she should be able to demonstrate qualities of energy, imagination and sound judgement as well as a sense of discipline.

Languages: Perfect knowledge of English together with very good command of French. Knowledge of other languages would be an advantage.

The EIB offers attractive terms of employment and salary with a wide range of welfare benefits. Applications from women would be particularly welcome.

Applicants, who must be nationals of a Member Country of the European Union, are invited to send their curriculum vitae, together with a letter and photograph, quoting the appropriate reference, to:

EUROPEAN INVESTMENT BANK
Recruitment Division (Ref. JU9610)
L-2950 LUXEMBOURG. Fax: +352 4379 2545.

Applications will be treated in the strictest confidence and will not be returned.

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The European Bank has a unique challenge: to assist the countries of central and eastern Europe and the former USSR in their transition to market economies.

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MANAGING DIRECTOR – ASSET MANAGEMENT

Member of the Board

Frankfurt

Substantial remuneration package

Our client is a premier investment management organisation which operates globally and provides a full range of asset management services to both the institutional and private investor. As a result of our client's continuing, worldwide development, this exciting and demanding role has arisen and created the need to recruit an individual of the highest calibre to further strengthen the Group's leading position in Germany.

Your objectives will be to lead the asset management group in order to:

- Maximise the sales and marketing activities through an entrepreneurial and creative outlook
- Achieve substantial growth rates of market share and business volume
- *Develop a long term strategy and to drive its successful implementation*
- Help secure consistent and outstanding performance

You will be an experienced banker, with ideally 8-10 years in asset management, capital markets or relationship management. You will thrive in an intellectually stimulating environment where personal contribution is highly valued. Your presence and reputation will give you instant credibility and will allow you to make a significant contribution to our client's worldwide success in asset management.

Interested candidates should write with full CV, quoting current rewards package to Petra Rickmeyer, Hoggett Bowers, *7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000.* Fax: 0171 405 5995 quoting ref: LPR/4926/FT.

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Please telephone BRIAN GOOCH or send a detailed CV in confidence.

Anderson's

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Leading Bermuda-based insurance company ($2.2 billion in assets) seeks CFO to oversee investment portfolio managed through outside money managers, to directly handle the treasury function and banking relations, to supervise accounting, tax and audit, and to serve as a key member of the management team. Competitive package including housing subsidy, car and tuition in Bermuda or overseas for dependent children. Please reply in confidence to: Financial Times, Box A5644, Number One Southwark Bridge, London SE1 9HL.

Bond Analyst/Strategist

As one of the largest and most respected banks in the world, our client is regarded internationally as one of the leading and most prestigious names in the dynamic arena of emerging markets. The research team is currently expanding and wishes to recruit an experienced bond analyst to join them in London.

The analyst, reporting to the head of emerging markets research in London, will join a small team of economists and market specialists. The role will focus on providing detailed analysis of global emerging markets, particularly covering central and eastern Europe. The purpose of this research is to provide support to the internal trading and sales teams, covering all categories of debt, carrying out pricing and recommending trading strategies. In addition, there will be extensive external client contact, providing support, advice and recommendations at all levels.

The minimum academic requirement is a good degree in mathematics or other quantitative subject. Work experience must include at least two years' within the bond markets, with the ability to demonstrate a thorough understanding of debt markets and derivatives. A detailed knowledge of emerging markets is not required, but would be appreciated. Other key attributes which will be valued include: excellent quantitative and analytical skills; the ability to communicate and present effectively at a high level; self-motivation combined with the ability to work well as part of a team.

A highly competitive remuneration package is offered which reflects both the demands and importance of the position and will be commensurate with experience and ability. Interested candidates should contact Clare Kearns or Katie Etheridge who will treat all enquiries in confidence.

ASL Search and Selection
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Telephone: (44) 1732 741855 Facsimile: (44) 1732 741499

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- Spearheading the development of a business unit culture which is close to customers and harnesses internal initiatives to position LPSO as the leader for the future.

THE QUALIFICATIONS
- Progressive graduate with excellent record of success in the management and marketing of a large scale, process-oriented business. Demonstrable achievement in improving services and building commercial success - probably in a blue-chip financial services organisation.
- Well-developed people and business management skills. Strong leadership skills with the ability to get the best out of a team to achieve demanding objectives. Able to use IT to deliver service improvements.
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THE ROLE
- Responsible to the MD Business Development in the US for the development and execution of Commercial Finance's acquisition and business development programme in Europe.
- Targeting relevant public and private companies and leading detailed negotiations principal to principal. Managing additional professional support as necessary.
- Developing strong relations both internally and externally to identify opportunities and synergies for the Group as a whole.

THE QUALIFICATIONS
- Outstanding, high-achieving corporate finance professional with a distinguished record in a blue-chip bank - probably now a Senior AD or Director.
- Authoritative origination and transaction experience in M&A - ideally with experience of international financial services acquisitions.
- Entrepreneurial, self-motivated and imaginative team player with stature, commercial focus and objectivity. Able to represent GE Capital effectively in a broad range of transactions

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Swap Derivatives Middle Office
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Key Requirements:
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- Relevant audit or consultancy experience from a big six accountancy firm will also be considered.
- Ideally a minimum of two years exposure to derivative products.
- Additional qualification such as ACA or MBA would be advantageous.

Successful applicants will have outstanding communication skills and the desire to succeed in an environment of high growth and continued expansion.

To discuss these opportunities further please call Stephen Grant at Morgan McKinley Associates, Ruskin House, 40/41 Museum Street, London WC1A 1LT. Telephone: 0171 404 4100 Fax: 0171 404 4334.

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A leading global investment bank seeks to recruit Quantitative Analysts with one to two years' relevant experience. The positions are based in the London Fixed Income and Equity Derivative groups.

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In Equities, the role involves the structuring, modelling and pricing of equity derivatives and includes a high degree of contact with both marketers and the trading desk.

Candidates must have an excellent first degree and/or a PhD in a quantitative subject (eg: Applied Mathematics, Physics, Quantitative Finance), good programming skills in C and C++ together with excellent communication skills and the *ability to work under pressure in a small, dynamic 'front office' group.*

An excellent remuneration package will be offered to successful candidates.

To apply, please send a full CV which details your current remuneration package to PA Advertising Limited, Number Two Caxton Street, London SW1H 0QE, quoting the appropriate reference number:- ref: KLW1 for the Fixed Income position, and ref: KLW2 for the Equities position. The closing date for applications is Friday, 9th August 1996.

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Ideally, we are looking for a proven Network Manager who is looking for new dimensions and challenges. Alternatively, if you have experience in dealing with foreign securities and sub-custodians, and would like a future in Network Management, you may be the person we are looking for. Applicants should have at least 3 years experience in the securities industry, be team oriented and have excellent communication skills. A second language would be advantageous.

Network Manager
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Please send your application stating your earliest possible start date to

Mr. Volker Abel,
Deutsche Bank AG,
Personnel (Head Office),
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65755 Eschborn, Germany.

Deutsche Bank

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A new position has been created in investment management, for a family owned group of companies. *The position will be located either in the Dutch or Luxembourg office of the group.*

The offices manage global investments, including fixed interest, equity and property portfolios. All of the investments are owned by the group.

With a recent substantial increase in funds under management, an additional individual is required to assist with the management and administration of the investments. He/she will be required to liaise with external advisers and financial institutions, manage investment portfolios and prepare, and present, investment reports.

The successful individual will have excellent analytical skills, and experience to preparing and presenting financial management information. Previous fund management experience is required.

He/she will be prepared to work in a small team, and be willing to undertake a wide variety of duties and additional responsibilities as, and when, necessary.

Some travel may also be required.

The candidate will be educated to degree level, and will either be a qualified accountant, or training for an investment management qualification. He/she should have, at least, 2/3 years experience working in an investment environment.

Reply in confidence to:-

MAAP Investments BV,
Ref: Fund Management,
Hoofigracht 5,
2514 BE Den Haag,
Netherlands.

INVESTMENT RESEARCH ANALYST

LICHFIELD — **NEGOTIABLE**

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Ideally, the appointee will be AIIMR qualified with a minimum of five years' research experience. Career background should reflect a sound knowledge of U.K. equities gained within an appropriate financial institution, e.g., life office, unit trust management or pension fund. Technical knowledge will be complemented by highly developed skills, including oral and written communication, team working, interpersonal skills and a capacity for objective and conceptual thinking.

If you feel that you would enjoy the challenge that this career opportunity offers, linked to a competitive salary and range of benefits, please apply in writing enclosing a full curriculum vitae and salary indicator to:-

Personnel Manager
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Alexandra House, Queen Street,
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Please mark the envelope 'Confidential' and quote reference number FT31.

Closing date: 9th August, 1996.

Senior Investment Consultant Associate

Cambridge Associates (UK) Limited provides investment and financial consulting to a broad range of institutional clients in Europe. The position will involve providing assistance in advising clients and preparing research reports on a wide range of investment topics. Candidates should have a thorough knowledge of investment management theory and practice, strong quantitative and conceptual analytical skills, and excellent written and oral communications skills. Cambridge Associates (UK) Limited is regulated by IMRO and the position will require that the candidate acts as a Company Representative.

Compensation will be commensurate with experience. Please write enclosing a CV to: Mrs. S. Wilson, Cambridge Associates (UK) Limited, 25 Savile Row, London, W1X 1AA.

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Qualified candidates should send their resumes with accompanying letter to our UNITED STATES REPLY SERVICE:

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11755 Wilshire Boulevard, Suite 1600
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Write or fax in confidence enclosing your current CV **including contact telephone numbers** by the 16th of August, 1996 to Ms. M. Nanka-Bruce, KPMG Management Consulting, Second Floor, Mobil House, P.O. Box 242, Accra, Telephone: (233-21) 664881-4, Fax: (233-21) 667909.

KPMG Management Consulting

Global Trade Finance Group

KB KREDIETBANK

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The roles are interesting and varied, and an attractive remuneration package, including the full range of banking benefits, will be offered to successful candidates.

Please write, in confidence, with full personal and career details including current remuneration, to Sharron King, Kredietbank N.V., Exchange House, Primrose Street, London EC2A 2HQ.

KREDIETBANK N.V.

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LONDON

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Please apply in writing, with full career and salary details to:
Brian Kerly, Recruitment Manager, Jones Lang Wootton,
22 Hanover Square, London W1A 2BN.

Jones Lang Wootton

METALS & MINING ANALYST

London

Our client, a prestigious US investment bank, is looking for a Research Analyst with a strong financial analysis background. Reporting to the Research Team Leader – Europe, the successful candidate will play a significant role in all aspects of company and industry research and marketing. Liaison between European, Asian and US Research as well as with Sales & Investment Banking will be a key element in this position.

The following attributes are critical:

- Two or three years' experience as an equity research analyst, covering metals and mining with a leading player in the field.
- Experience in covering South African and/or Australian markets as an equity analyst.
- Excellent financial analytical skills together with relevant professional qualifications.
- Strong written and oral communication, and presentation skills.
- Tenacity and professionalism.

The successful candidate will have a superior academic background to include a degree ideally in Finance or Accounting.

The remuneration package will be competitive. To apply, please write, enclosing a full CV to Alastair Lyon, Confidential Reply Handling Service, Ref 472, Associates in Advertising, 5 St John's Lane, London EC1M 4BH .

Applications will only be forwarded to this client, but please indicate any organisations to which your details should not be sent.

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Since it formation in 1991, its mixture of news and entertainment programmes and its high quality international outlook has made MBC the favourite television service for people of 2 dozen cultures spread across half the globe.

With viewers and advertising revenues rising, this is an exciting time for the organisation as they continue their expansion plans. It is against this background of positive change that MBC now seeks to appoint a high calibre Chief Accountant.

As the number one finance person, your brief will be to increase the quality of service provided to managers across the business. These will include the crucial areas of programming, budget control, production costs etc. It may also be necessary to examine the systems within the accounts function and make changes where necessary. In the medium term there is ample scope to develop the role further.

The successful candidate will be a qualified accountant with excellent interpersonal skills, ideally with previous TV or media experience. Whilst not essential, fluency or a knowledge of Arabic would be an advantage.

Interested candidates should send an up-to-date curriculum vitae, quoting reference 301208, to Michael Deane at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Nottingham St Albans & Worldwide

FINANCE DIRECTOR

Outstanding Opportunity for Entrepreneurial Finance Professional

LOCATION FLEXIBLE - EUROPE WIDE

c.£100,000 + Substantial Stock Options + Benefits

This must represent one of the most exciting opportunities for an entrepreneurial finance professional this year. Our client, in less than five years, has grown from start-up into a one billion dollar global business. Operating in the highly competitive personal computer industry it owes its success to being a highly efficient state-of-the-art distributor of commodity products

They now wish to appoint an innovative, entrepreneurial and highly commercial Finance Director to help further strengthen the company and assist them in attaining their vision of a public offering or strategic alliance by the end of 1997 Clearly this position requires a broader skill mix than most. With a sizeable team already in place you will need to demonstrate strong day to day financial control skills including all treasury related issues, short and medium term strategic planning and overall development of the function to meet future business needs. Experience of mergers and acquisitions will also be a key skill in driving the company forward. *Serious contenders for this role will, in addition, possess the following:*

- *Educated to degree level and a qualified accountant. An MBA would be advantageous.*
- *Likely to be aged 35-40 with strong international experience.*
- *Knowledge of American accounting procedures highly desirable.*
- *Entrepreneurial skills combined with the ability to inspire confidence.*

This position offers an outstanding opportunity to direct a highly successful company's finance division. Stock options will be substantial. If you feel you have the vision, technical experience and drive to realise yours and the company's ambitions then please write to.

Andrew Livesey, clearly stating current remuneration and quoting reference number UKR 0066, at Nicholson International (Search & Selection Consultants), 34-36 High Holborn, Bracton House, London WC1V 6AS. Alternatively fax your details on **+44 171 404 8128**.

NICHOLSON INTERNATIONAL UK

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GROUP ACCOUNTANT

THE COMPANY

- Family owned investment company managing operations in Europe, Americas and Caribbean.The company also manages a large marketable global investment portfolio, property and direct investments in companies.
- Based in the head office situated in The Hague, Netherlands with a small group of less than 10 people.
- Growing a profitable operations with a recent large inflow of funds resulting in the restructuring of the present staff and the need for a new group accountant.

THE POSITION

- Responsible for all group accounting, consolidations and multicurrency cash management.
- Manage audit process. Provide support to acquisition investigations.
- Ad hoc business projects.
- Develop integrated systems strategy. Close liaison with subsidiaries.

QUALIFICATIONS

- Graduate Chartered Accountant. Newly qualified.
- Investment/banking/insurance experience preferred.
- Computer literate - A knowledge of Novell networks, portfolio management systems and spreadsheets an advantage.
- Energetic and flexible. Mature and able to meet demanding deadlines.
- Enquiring, challenging, committed and able to work unsupervised.
- Must be fluent in English.

Reply in confidence to:- MAAP Investments BV, Ref Accountant, Hoolgracht 5, 2514BE Den Haag, Netherlands.

COMPUTER AUDIT MANAGER

London to £45,000 + Car + Benefits

Our client is a major worldwide name in the services sector and has a reputation for providing effective and innovative solutions.

As part of its continued expansion, they are seeking to recruit a computer audit manager to augment their division. Working as part of a highly focused team, you will be involved with:

- Control and security reviews
- Pre-implementation reviews of systems under development
- Pre- and post-implementation control evaluation of complex application systems
- Specification, design and operation of CAATs
- Provision of training and support to staff
- Provision of internal consultancy services to senior divisional management

A qualified accountant, ideally ACA, you should possess a minimum of 2 years computer audit experience, gained either in a 'Big 6' firm or a large commercial internal audit department. In addition to an enquiring and analytical approach, you will have confidence to challenge often complex issues and liaise effectively with non-finance staff. This is an excellent opportunity to move into a technically challenging environment in an organisation that offers career development and opportunity.

To discuss this opportunity in total confidence, please contact Jayne Bowtell or Julie Thompson on 0171 405 4161. Alternatively, send your CV to them at the address below.

FMS, 5 Brown's Buildings,
Chancery Lane, London EC4A 1DY.
Tel: 0171 405 4161. Fax: 0171 430 1140.
Email: fms@gsd.co.uk
We have offices in London,
Birmingham, Manchester and Lewes.

fms
SPECIALIST FINANCE RECRUITMENT

INVESTOR IN PEOPLE

HEAD OF GLOBAL TAX OPERATIONS

Securities Industry

To £100,000 + Bonus + Benefits

Our client is a worldwide financial services organisation whose global custody division, a leader in both emerging and emerged markets, is well known for the provision of custom-tailored solutions to a top-tier corporate client base. A rapidly growing global business, combined with complex tax reclamation and compliance procedures in many jurisdictions, has led to the creation of a senior operational role. As Head of Global Tax Operations for this division you will:–

- Lead, manage and motivate a multi-disciplined team located in both Europe and the US
- apply a clear understanding of the operation of worldwide double tax treaties, and design and manage tax administration processes to improve customer service
- ensure full compliance with relevant legal requirements in the increasing number of countries in which our client operates
- create and maintain strong lines of communication between the organisation and its customer base

You will currently be working at a senior level with the Inland Revenue, a leading professional firm or a bank. Mature enough to build and delineate the role, you must also have the flexibility to manage change within a dynamic area. Needless to say, our client is seeking a particularly special individual for a highly responsible and visible role. If you can make a significant contribution to this new management challenge, then we would be keen to discuss the position in more detail. Remuneration will not present a barrier to the right candidate.

Contact Matthew Phelps on 0171 415 2800 or forward a comprehensive resumé to him at Brewer Morris, 179 Queen Victoria Street, London EC4V 4DD. Evenings/weekends 0181 940 1783.

BREWER·MORRIS

TAXATION RECRUITMENT SPECIALISTS

HELLMANN'S MAYONNAISE — CPC — Knorr

Financial and Systems Accountant

Poland — **Excellent Package + Car**

CPC Poland, a subsidiary of the $9 billion CPC International Corporation, has grown rapidly since its creation in 1992. It aims to be the leader in its field for Central and Eastern Europe by the year 2000, with a projected turnover of $200 million. As a result of an internal promotion, the company is now looking to recruit a highly motivated individual to join their team in Poznan.

Reporting to the Financial Controller, responsibilities will include assisting in local statutory and international reporting. You will be responsible for completing the implementation of a new computerised accounting system with emphasis on inventory accounting, fixed assets and costing. Other tasks will include the design and introduction of internal control procedures and management of staff.

Candidates for this role will be part or newly qualified accountants with an international qualification. You will have a good knowledge of financial control principles and financial accounting, ideally gained in the profession. Experience of US GAAP and Polish accounting is preferable as are excellent interpersonal and man management skills. In addition you will be highly computer literate. Ideally a Polish national, you will be fluent in Polish and English.

Full assistance is available for those individuals wishing to complete their accountancy qualifications. The company offers excellent long term career prospects, with the successful candidate taking part in extensive management training programmes in Poland and internationally. There are possibilities of job exchanges in the CPC organisation throughout the world.

Interested candidates should forward a comprehensive CV with salary details in confidence, quoting reference 300386, to Catherine Zasadzka at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH. England or by fax on +44 (0)171 404 6370.

MP

Michael Page Eastern Europe

International Recruitment Consultants

PLANET HOLLYWOOD

Controller

Prague — **Excellent Package**

Planet Hollywood is one of the most dynamic and fast moving companies in the world. Since its launch in 1991, it has opened in excess of thirty movie based theme restaurants throughout America, Europe, Australia, the Middle East and the Far East. Its flotation on NASDAQ was one of the most successful in history and the company's capability to attract high profile publicity, customers and business opportunities is unparalleled.

As a result of Planet Hollywood's international expansion, the organisation has targeted Prague as its launch into the Eastern European region in 1996. The Controller will report directly to the European Finance Director in London with dotted line responsibility to the General Manager in Prague. Responsibilities will include full financial control, managing the accounting department, regulating the banking transactions and ensuring the strict reporting deadlines are adhered to. More important however is your skill in analysing the performance of the restaurant and helping with the strategic direction of the business in Prague.

The ideal individual for this position must demonstrate the ability to thrive in a hectic and fast moving environment, whilst meeting strict deadlines. You will already possess an excellent track record of success in finance, ideally gained in the hospitality industry, with an in-depth understanding of the local business environment. A knowledge of US GAAP would also be an advantage. The business language is English, but Czech linguistic skills are essential for success in the role. Key attributes required are integrity, drive, communication skills, being a team player and computer literacy.

So why not join in the success and growth of a unique company?

Interested candidates should forward a comprehensive CV, including remuneration details and daytime telephone number, quoting reference 296285 to Michelle Sochor at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH, UK, or fax +44 (0) 171 404 6370. For further information please telephone +44 (0) 171 831 2000.

MP

Michael Page Eastern Europe

International Recruitment Consultants

APPOINTMENTS ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call:
Robert Hunt on +44 0171 873 4095

Finance Director

Hungary — **£ Excellent Package**

Our client is a leading advertising agency with offices throughout the world and capitalised billings of $8 billion. They now seek a Finance Director for their operation in Budapest, one of the largest agencies in the country, which handles the accounts of many major multinational and leading national clients.

The person will need to forge a strong partnership with the General Manager and become an active participant in the management of the business. He/she will be expected to lead the financial aspects of client transactions to maximise the benefits to the company. Other responsibilities will include budgets and forecasts, managing costs, negotiating with suppliers, statutory reporting and tax compliance. As well as providing timely reports to the company's European headquarters, the person will be expected to work closely with the European Finance Director regarding risks, new business opportunities and variance analysis.

Ideally the successful candidate will be a qualified accountant with a proven track record within a multinational company at a senior level. They will need to possess strong commercial acumen together with the ability to work with management and clients at the highest level. Fluency in Hungarian, while not essential, would be a distinct advantage. Career prospects are excellent.

Interested candidates should forward a comprehensive CV in strictest confidence, quoting reference 301191, to Hugh Everard, Director at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH or fax it on + 44 (0) 171 404 6370.

MP

Michael Page Eastern Europe

International Recruitment Consultants

NICHOLAS ANDREWS & Temps Financial

FINANCE MANAGER

Birmingham

c £40K + Bonus + Car + Bens

Our client, Sagem UK, is a market leader in the design and supply of prototype engine management technology to the automotive industry. Having only been established in the UK since 1992, they have experienced rapid growth with an expected current year turnover in excess of £45m. They are supported by Groupe Sagem itself a diverse hi-tech group with a turnover in excess of £2.4 billion and is one of Europe's top 500 companies.

Following a recent restructure they are seeking to appoint an exceptional accountant to head up the finance function. Reporting to the General Manager the successful applicant will have total responsibility for all financial aspects of the UK business from day to day accounting through to commercial business reviews and will play a key role as part of a pro-active management team.

SAGEM

To apply you will be qualified and will demonstrate a track record of achievement that sets you apart from the rest.

Interested candidates should write to Lucy Dimmock at Nicholas Andrews, 126 Colmore Row, Birmingham B3 3AP, enclosing a full Curriculum Vitae. Fax: 0121 236 5350.

NA GROUP

NICHOLAS ANDREWS

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European Asset & Liability Manager

London — ***£ Excellent + Car + Bonus***

■ A major investment bank with representation in the world's financial markets wishes to make an important appointment to its European Treasury Asset & Liability Management Function. The treasury operation in London supports the Continental European businesses and is responsible for funding, capital planning, liquidity, and interest rate risk management.

■ The position is largely project driven and has arisen due to the promotion of the present incumbent. The role is primarily concerned with monitoring Continental European Asset & Liability Management issues and assisting the European businesses to achieve the most efficient structure in terms of capital and liquidity. The position entails regular European travel and the job holder will have extensive contact with both front office and support staff in the different offices. Therefore, proven communication and project management skills are a pre-requisite. The ideal candidate will have a good grounding in general regulatory accounting and, specifically, the impact of the CAD. Additionally, the candidate will be expected to have 3 years plus direct experience of complex Treasury products and risk management techniques. Exposure to structured finance would be particularly interesting.

■ Enquiries are invited from candidates who can demonstrate a strong understanding of and commitment to the securities industry either through direct employment, or via experience gained in an audit or consultancy capacity. At minimum, candidates will be professionally qualified (ACA/ACT/MBA) and have the capability for further career development.

■ To progress your interest in this appointment, please send your curriculum vitae, including current remuneration, to Susan Milford/Richard Pooley at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, facsimile 0171-831 1822 quoting ref SM0832. Alternatively, contact Richard Pooley on 0171-831 1170 for a confidential, exploratory conversation.

ERNST & YOUNG

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Leading High Street Licensed Retailer

Financial Controller

North West London — **Base salary to £65,000 + excellent benefits**

Our client forms a major part of an international operation which itself is a division of a FTSE 100 group. It has over 1800 shops nationwide and leads its market segment, generating very respectable margins.

The opportunity now arises to join the company in the key financial control role. The business has made significant strides in adapting to market changes and developing innovative offerings. It needs to ensure that it is continuously looking at all means to keep it cost effective and competitive.

The Financial Controller role is designed to deliver much of this. It requires a professional accountant with around ten years' post qualification experience, probably in retailing, capable of instigating and implementing change.

The business involves its senior managers closely in strategic and commercial decision making. The Financial Controller will be expected to contribute, by identifying all available opportunities for improved performance - and delivering it in the area of finance and systems.

This will be a demanding, professionally fulfilling position in a vibrant retailer. It offers considerable career development potential.

Please apply in confidence, giving details of your career and current earnings to AAD Executive Selection Ltd., 7 Curzon Street, London W1Y 7FL quoting Reference 0439.

AAD

The Executive Selection Division of The Odgers Group

HEAD OF INVESTMENT ANALYSIS

Global Entertainment

London

£60-70,000, car, bonus

Our client is a world class brand leader, and an internationally respected provider of high quality and innovative products, within the media and entertainment sector and has a turnover of over £2 billion.

This high profile role will be responsible for ensuring that all significant revenue and capital investment is made in accordance with the organisation's objectives and strategies. *Specifically you will:*

- Produce, implement and monitor Investment guidelines, providing advice to the Board
- Formulate and implement an investment expenditure budgeting cycle
- Conduct post-investment audits, provide progress reports and monitor ROCE and non-financial payback
- Independently analyse and appraise all major investment proposals making appropriate recommendations

The interaction with senior management and exposure at Board Level which these responsibilities necessitate will demand first-class analytical, communication and negotiation skills. The level of investment expenditure will require you to be a senior finance executive (Qualified Accountant and/or MBA), able to demonstrate previous success in the managing and appraising of high profile investment projects. *High level intellect and a sharp business mind will be essential if you are to influence effectively* in this demanding environment.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 *quoting ref: HKW/4932/FT.*

INVESTOR IN PEOPLE

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION

THE PSD GROUP

FINANCIAL PLANNING MANAGERS

Fast Track Career Opportunities

London

£45-50,000, car, benefits

Our client is a leading name in the entertainment business known throughout the world for its creative excellence. At the centre of this £2 billion turnover group the finance function provides vital support and direction.

These positions will ensure the careful analysis of past and projected performance and will lead to the setting of financial goals for divisions. Specifically you will:

- Independently assess business strategies, review budget proposals, spending plans and business performance to ensure maximum effectiveness
- Produce monthly accounts with relevant analysis highlighting performance, key issues and appropriate recommendations
- Be instrumental in the development of a long-term financial planning model
- Build strong relationships with Divisional management on activities, strategies and key performance indicators

The breadth and profiles of these roles will require that you are a qualified accountant or MBA with well-developed business understanding in addition to technical knowledge and modelling skills. *Experience of* operating at a senior level within a large organisation would be useful. To impact on business efficiency your presentation and influencing skills must be strong. A well focused and sharp mind combining attention to detail with a broader perspective is crucial as is the ability to isolate and advise on key issues.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/4933/FT.

INVESTOR IN PEOPLE

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION

CORPORATE REVIEW MANAGER EUROPE

EXCELLENT PACKAGE
BASED IN GERMANY

Burns Philp & Co Ltd is an Australian global food company based in Sydney.

The Corporate Review Manager Europe will be responsible for providing business review services including internal audit and special purpose reviews across Burns Philp European businesses. The incumbent will work with Corporate, Divisional and Unit Management in improving the business processes, systems and controls in a number of financial and non-financial areas.

You should be degree qualified with a professional accounting qualification with at least 5 years exposure to manufacturing environments, this may be through an external audit role. Your experience will include audit with a sound understanding of accounting and taxation. A good understanding of IT applications and controls will be necessary to be successful in this role.

You will interact with a wide range of management, so excellent communication skills are essential.

As you will travel extensively (70%) you will have to be self motivated, meeting tight deadlines and possess a high level of professional maturity.

Language skills, particularly German, are essential in this multinational role.

The business fully expects the successful candidate to progress to a line position within a relatively short time period.

Initial enquiries should be directed to:

Bryan Pryce
Human Resources Manager Europe
c/o British Pepper & Spice Co Ltd
Rhosili Road, Brackmills, Northampton NN4 7AN

Tel: 44(1604) 766461 Fax: 44 (1604) 674071

QUANTITATIVE ANALYSTS

City **£Excellent**

Our client, a major global investment bank, *is currently looking* to bring new talent into its bond and *equity research* areas, with a view to building a new Fixed Income quants team and supplementing existing equity teams. Opportunities exist in both areas for highly analytical individuals with exceptional academic backgrounds *to enter a career in financial research and analysis.*

Applicants must have:

- A PhD/MSc level degree in a numerate subject (Maths, Engineering, Physics or Economics based)
- A high level of analytical skill and academic/practical experience of quantitative/strategic research
- Excellent communication skills, commercial acumen, *ability to work effectively as part of a team*

There are also opportunities for individuals with these qualifications and up to 2 years experience gained within the financial services sector, other business sectors (*particularly pharmaceuticals, telecoms, oil & gas*) or academia. Your current position need not be in pure research but should involve some practical use of quantitative analytical skills.

Successful applicants will enjoy a *structured* career path and will potentially be among the City's highest earners.

Please call Tabassum Ahmad on 0171 628 5222. Alternatively fax or send CV to Rizwan Nash, 45 Beech Street, London, EC2Y 8AD, Fax: 0171 628 6270

rn

Rizwan Nash

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on +44 0171 873 4054

Toby Finden-Crofts on +44 0171 873 3456

FINANCIAL MANAGEMENT FOCUSED ON THE BOTTOM LINE

North East **£25,000/ £35,000 + benefits**

Interconnection Systems Limited is a £150 million turnover world class manufacturer of high quality, high technology electronic components for a variety of blue-chip customers worldwide. The company has consistently achieved growth rates of 40% per annum and a continued focus on product quality and customer service backed by a reinvestment of 25% of annual turnover will ensure its continued pre-eminence in world markets.

Due to this continued expansion, which includes the opening of a second purpose-built site in the North East, they now *wish to strengthen their high calibre finance function through a number of key appointments into their financial* management team. Responsibilities will encompass:-

- **The preparation and interpretation of management information**
- **Working throughout the business to identify areas for potential profit improvement**
- **Ad hoc projects generated both by yourself and other managers.**

Candidates, aged up to 30, will be qualified Accountants of graduate calibre with a demonstrable record of success in their career to date gained either within public practice or industry. Key requirements are: the ability to grasp new ideas quickly; *to contribute in a multi-disciplined team environment and first class technical and interpersonal skills.* The company is a true meritocracy and your career progression will be limited only by your own abilities.

Interested applicants should contact Fred Howie, Managing Director, at Northern Recruitment Group, Vine House, Vine Lane, Newcastle upon Tyne, Tyne and Wear NE1 7PU quoting reference 21161. Telephone 0191 261 6940 or Fax 0191 261 8466.

NORTHERN RECRUITMENT GROUP

FINANCE DIRECTOR

High Technology Group

c. £55,000 + Car + Benefits

The recent merger of Pro-Bel and The Chyron Corporation of the US has created a combined Group of companies with a world-wide reputation in the manufacture and distribution of high quality hardware and software for the multi-media markets. They have clearly established themselves as *a major force and are keen to exploit the opportunities now available in* the converging telecommunication and computer markets.

Pro-Bel is committed to further developing its success based upon continual technical innovation allied to a strong commercial awareness of each market sector within which it operates. To perpetuate exceptional planned growth on an *international basis* and to maintain and improve internal and external reporting standards, a key opportunity has arisen for an outstanding individual.

Reporting to the *Managing Director* of Pro-Bel and the *Chief Financial Officer* of Chyron, you will be responsible for monitoring and interpreting the performance of the Group and applying technical expertise to a wide variety of accounting and business issues.

Specifically, you will:

- Centralise key functional areas of finance and, where appropriate, implement sophisticated information *systems designed to enhance the* performance of the Group.
- Develop key management reports and understand and comply with SEC reporting and compliance requirements.
- Investigate, negotiate and implement major expansion *opportunities exploited through* acquisitions, joint ventures or from internal resources and maintain investment and financial relationships.
- Strengthen the Group commercial management of rapidly expanding international sales.
- *Maintain and develop a high calibre* finance team by adopting a "hands on" policy to the daily management of the function.

As an ambitious qualified Accountant you should be able to demonstrate first class communication skills allied to a strong technical background including first hand experience of US GAAP reporting gained ideally from a high technology or business-to-business *services environment.*

This is a high profile position offering outstanding opportunities for front line exposure and career development in a dynamic group of businesses.

Interested candidates should write promptly to Charles Austin or Mark Rowley at Herst Austin Rowley, 30 St. George Street, London W1R 9FA, enclosing a full Curriculum Vitae and quoting reference HAR771. Fax: 0171 409 7872. E-mail: har@globalnet.co.uk

pro-bel

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Part of the Harrison Willis Group

Wade Macdonald Associates

Financial Recruitment Specialists

FINANCIAL / COMMERCIAL DIRECTOR

package to £50,000 + car
located west of London

Our client is a US owned niche market IT solutions company with a reputation for innovation that is unsurpassed. They have experienced and continue to experience steady growth in the UK. As a result of their development plans they are now looking for a high calibre individual who can help develop the business in today's highly competitive commercial arena.

The position reports directly to the Managing Director and has the wide remit to co-ordinate all financial, legal, contractual and commercial activities of the company. Of key importance amongst these are: participation in the formulation of long term corporate business plans; optimising the company's logistics to ensure optimum efficiency and profitability; negotiation and drafting of all major contracts; liaising with external advisors to ensure the company meets legal financial and commercial objectives.

The successful candidate will be a qualified accountant with a track record demonstrating considerable commercial acumen coupled with demonstrable career progression within the IT sector. He / she will also *possess an ability to communicate* effectively at all levels and have the insight and energy necessary to drive forward a modern business.

Closing date for applications is Wednesday 7th August 1996.

Please reply in confidence to the retained consultant Philip Macdonald quoting reference FT/DW/96.
Wade Macdonald Associates, Hedrich House,
24-26 Cross Street, Reading, Berkshire RG1 1SN.
Telephone: 0118 956 0600 Facsimile: 0118 958 3120
E-mail: wma@wademac.co.uk

Hays Accountancy Personnel

MAB

Finance Manager

Mayfair/Netherlands

£30-£35,000 plus full benefits package

The Organisation

MAB is a leading international property group involved in all aspects of commercial development in the fields of office, retail and multi function schemes, with a group head office in The Hague and 4 *operating companies in the Netherlands, France, Germany and the UK involved in concept* development, project and property management. Major expansion in business volumes at its small UK *operation has resulted in a challenging new financial appointment.*

The Role

In this progressive commercial environment, you will be expected to make a major impact on business *performance. Key responsibilities* will include:

- Supervising the day to day accounting of the company in line with Group accounting practices.
- *In co-operation with parent company* making proposals to investors and financiers, negotiating *terms and arranging financial investments and* procedures.
- Formulation of proposals for medium term plans and annual budgets, preparing detailed project appraisals, cashflows and forecasts
- Analysis, monitoring and reporting on all *financial matters to UK Directors and* MAB's Group Finance Manager in Holland.

The Appointee

A qualified Accountant with experience in an international environment your key qualities and *strengths should include*:

- Strong analytical skills and a pragmatic approach
- Active, flexible, independent and firm personality
- High level of commercial flair
- Good "hands-on" accounting experience

To apply, please write enclosing your cv and current salary details to Tim Newton, Manager, International Division, Hays Accountancy Personnel, 104 Baker Street, London, W1M 1LA. Tel: 0171 486 6557. Fax: 0171 486 6503. This assignment is being handled exclusively by Hays Accountancy Personnel. All direct applications will be forwarded to them.

Sales in the bag

Andrew Hill *on how a network of artisans producing leather goods has helped to revive the Gucci empire*

Leather goods, including Gucci's famous bamboo-handle handbags, account for more than half the group's sales

From the first floor of a pre-fabricated factory building on the dusty outskirts of Florence a man with an interesting scar on his throat is explaining why he is a small but vital cog in the worldwide fashion machine that is Gucci.

There is little here to remind you of the fur-and-jewellery chic of Gucci's boutiques in Milan and Manhattan, unless you count the earring worn by Luca Pallu, 37, the gold-capped teeth of his business partner Emilio Giannelli, 40, and the leather wallets emerging from their production line.

But these men are part of a network of more than 70 small artisans, most of them based in northern Tuscany, who produce the leather goods which have contributed to the revival of the Florentine luxury goods company.

After 13 years in business and six years making wallets for Gucci, Pallu, Giannelli and their 20 employees are about to graduate to become one of the company's core suppliers. If they are accepted, they will join two dozen or so Gucci "partners". They will win a large measure of financial security in the form of guaranteed sales over the next three years. "We hope it's going to be a launchpad for us," says Pallu.

Becoming a Gucci partner is now, it seems, the dream of every humble Tuscan leatherworker. The success of the company's recent clothing collections has fuelled sales of everything carrying the marque, from shoes to shares. In the last year, Investcorp, the Bahrain-based investment group, has sold its entire stake in Gucci in two heavily oversubscribed public offers on the New York Stock Exchange.

Leather goods, including the famous bamboo-handle Gucci handbags, still account for more than half the group's \$500m (£320m) sales, and it is the area where growth is fastest. Turnover in leather goods nearly trebled in the first quarter of this year, compared with the first three months of 1995.

Giuseppe Fossati, who started working leather 25 years ago, switched from making bags for Gianfranco Ferrè last year and is now one of Gucci's biggest partners, employing nearly 100 people in three companies on the fringe of the Chianti wine region. Last September he was producing only 1,000 bags a month; now his output is 7,500. "We still say we're small artisans, but working for Gucci we can reach industrial levels – something which was unimaginable a year ago," he says.

Working for Gucci has not always been so lucrative. When the impact of family squabbles and poor management finally drove the group into loss in the early 1990s many loyal suppliers were squeezed.

Domenico De Sole, chief executive for the last 12 months and former head of Gucci America, was called back to Italy by Investcorp to reposition the company in 1993. One of the first things he did was to go out into the hills around Florence to visit the suppliers with Claudio Degl'Innocenti, logistics manager for leather goods.

De Sole says most of those which had abandoned Gucci when times got hard came back – on the promise that debts would be paid off. Now that the good times have returned, the flexibility provided by a network of independent artisans is proving invaluable.

"It helps us enormously," says De Sole. "The secret here is not only to be the best designer, but to have superior quality, and the difficulty is increasing turnover and maintaining quality."

All suppliers, partners or not, have to submit to five or six months of quality control before Gucci will take them on. If Gucci is forced to reduce its output, the partners will be the last to be affected, and in the meantime they receive technical, financial and management support. "These guys understand how to make bags – they're the best in the world – but they haven't necessarily been to Harvard Business School," points out De Sole.

For the luxury goods industry, such a system is now unusual. Most of Gucci's competitors have moved towards the development of smaller product ranges and control of their own manufacturing. In France, Hermès' famous Kelly bags are made in-house and Prada, the Milan-based luggage company, has phased out its network of sub-contractors.

But the "indotto" – the Italian name for a network of small suppliers – is common to other sectors. The economy of Turin, for example, has traditionally relied on work sub-contracted by Fiat, the automotive and industrial group, and the area around Florence is well-known for leather and textiles.

Bringing these artisans under the wing of Gucci, without absorbing them into the group, is the best solution for both parties. As Giannelli, one of the aspiring Gucci partners, puts it: "If we were Gucci employees we wouldn't have this incentive to grow faster alongside the company."

Independence only goes so far, however. Most suppliers are already within easy reach of Gucci's Florence base, making it possible for production managers to carry out direct checks regularly. Gucci partners are not allowed to manufacture for anybody else and the group's control over its core suppliers is likely to tighten in the coming years as supply is stepped up to meet growing demand.

"When we're increasing volume, as we are doing at the moment, it's clear that a final control is no longer enough – we also have to monitor the entire process," says Degl'Innocenti, now in charge of logistics for the whole group.

For example, Gucci buys and cuts the leather before sending it for assembly to the suppliers, but in future Degl'Innocenti envisages the possibility of monitoring computerised cutting machines, installed at larger suppliers, from a sort of "virtual cutting centre" at headquarters.

Whether the balance between the group and its sub-contractors alters in the next few years will probably depend on the continued success of the products and the tolerance of the suppliers. At the moment, however, nobody is complaining.

Is corporate sponsorship of sporting events worth the money? **Patrick Harverson** reports

Coca-Cola's return of serve

When the "Summer of Sport" draws to a close next month, the image that will linger longest in our memories may not be that of a gold-medal winning athlete or a championship-winning team, but the bright red logo of Coca-Cola.

The soft drinks giant has been everywhere in sport this year – including the Euro 96 championship, the Tour de France and the Olympics. Exactly how much it spends on sport is not published, but Sergio Zyman, its chief marketing officer, reveals that in an average year about 20 per cent of the company's \$1.5bn (£960m) annual consumer marketing budget, or roughly \$300m, is used to "support" sports.

However, 1996 is not a typical year, and Coca-Cola's spending on sports events this year is likely to be well over \$300m. It has spent \$40m alone on buying the rights to be an Olympic sponsor, and it plans to spend another \$62m on television commercials during NBC's coverage of the Games in the US. It has also built a 12-acre "Olympic City" for visitors in downtown Atlanta.

With corporate involvement in sport growing rapidly every year, it is worth asking if Coca-Cola and other sponsors get a good return on their huge investment in sports. Is sports sponsorship value for money?

Andy Smith, broadcast director at Zenith, the London media buying group, says sponsors can measure the impact of their involvement with sport by tracking the screen time and column inches their brand logos enjoy in the media.

He points to Tetley beer, which backs the England cricket team. "Looking at the coverage of the Tetley logo on television and in press photographs, you can see it easily covers the cost of the sponsorship," says Smith.

For non-consumer companies, measuring the impact of sports sponsorship is harder. Mava Heffler, head of global sponsorships at Mastercard, says one of the key objectives behind the company's backing of Euro 96 was to reinforce Mastercard's brand image in the UK, particularly among Access card holders who might have been unaware that their card was part of the Mastercard stable.

The anecdotal evidence so far suggests that this objective was achieved, says Heffler. "When we started our programme in the UK nine to 12 months ago, we asked Access cardholders if they had a Mastercard. Most said they didn't. Now when we ask the question, people show us their Access card straightaway."

However, companies have to invest a lot of money to get the best out of their deals. Smith says of event sponsorship: "You have to be there at the events to put hats on people and make sure the camera angles are right. There is a lot more to being an event sponsor than a broadcast sponsor – you have to spend a lot more to achieve a lot more."

Coca Cola's 'Olympic city' in Atlanta

The official sponsors of Euro 96, for example, paid £3.5m for the rights to the tournament, but some spent as much as 10 times that on advertising their association with the event. The Olympics are even costlier, and advertisers are expected to spend an estimated \$5bn worldwide on Olympic-related marketing.

While sport is becoming increasingly popular with corporate sponsors – "sport is highly televised, highly interactive and has very large fan bases", explains Heffler – the crucial factor is sport's ability to transcend national boundaries. It can help companies overcome cultural, language and political barriers.

Bridgestone-Firestone, the Japanese tyre company, has used its sponsorship of Indy car racing in the US to build brand recognition in Italy through a television programme it produces for Italian broadcasters.

The company pays \$60,000 for the Italian rights to Indy racing, and spends about another \$190,000 making five 25-minute programmes on the main Indy races. It gives the programmes to an Italian broadcaster in return for advertising slots worth more than \$400,000.

However, sponsoring sports events is not a risk-free proposition.

IBM's embarrassment this week at the failure of its Olympic computer systems to provide accurate data is an example of what can go wrong. The company spent \$40m acquiring the sponsorship rights and as much again on setting up the technology for the Games in Atlanta, but all the spending and preparation could be wasted if press coverage of the computer problems ultimately overshadows IBM's contribution to the Olympics.

Ultimately, sports sponsorship has become popular because it allows large corporations to identify closely with customers or prospective customers in a way that traditional advertising and marketing cannot possibly achieve.

Thus, the thrust of Coca-Cola's sports campaign this year has focused not on the everts, or the teams, but on the ordinary fans. As Zyman puts it: "Sport allows us to say to consumers: 'We like what you like'."

هكذا من الأصل

ARTS

Theatre

Cheap and cynical 'Troilus'

Wisdom has been lost, says **Alastair Macaulay**

The Royal Shakespeare Company's new production of *Troilus and Cressida* has several virtues but sincerity is not among them. This *Troilus* is picturesque, entertaining and slick, slick, slick. Too much about it sounds and looks, in the bad sense of the words, operatic and choreographed.

Ian Judge's production reminds me, in particular, of several ballets: Hector's Death is straight out of Ninette d'Valois's *Checkmate*, and Pandarus's final plunge into a trench is close to Kenneth MacMillan's *Gloria*. No harm in that – but the fights seem to have been counted out to a metronome, and Cressida keeps busily trotting out the same repertory of six rhetorical gestures, in differing orders, in her every speech.

Brass and wind instruments swell out vivid threnodies of martial sound above every big scene, the actors in military roles wield their most clarion notes to splendid effect, and Troilus turns on the *Voce Soffocata, con molto vibrato* in his every utterance. Very *Forza del destino*, very *Andrea Chenier*.

I was seldom reminded, however, of Shakespeare or of his prime source, Homer. No play more successfully evokes the world and climate of Homer's *Iliad* than *Troilus* – but, then, no playwright is closer in spirit anyway to Homer than Shakespeare.

They have in common the same poignant awareness of death and of heroic vital essence, the same interest in the tension between individual free will and fate, the same lyrical appreciation of the highs and lows of personal emotion, the same sense of human variety and psychological plasticity, the same transparent blend of tragedy and comedy. (Tolstoy would later achieve this for the novel.)

Judge seems to know all this – several of his intelligent opening-day-of-rehearsals *Aperçus* are reprinted in the programme – and yet, in his hands, the wisdom of the Shakespeare/Homer recipe is reduced to cynicism, the tragic sense of death is cheapened to a morbid nostalgia for a lost generation of pretty boys, and human character becomes all too few-faceted.

The tragic sense of death is cheapened to a morbid nostalgia for a lost generation of pretty boys

Judge's supervision is especially saddening in its deleterious effect upon the talented young actors in whose rising careers misproduction is a sudden trough.

Heaven made both Joseph Fiennes and his elder brother Ralph for noble-lover roles like Troilus. But, when Ralph came to this role with the RSC six years ago, he and his director, Sam Mendes, co-operated to reach a high point in both their careers, whereas Joseph – the more intense and varied actor of the two – is allowed by Judge to overdo the aforesaid vocal techniques to a death. Victoria Hamilton, playing Cressida, has a clever girlish vigour, but seems more callow and stiff here than in the two big roles with which she seized attention last year (Hannah in James Saunders's *Retreat* at the Orange Tree, Richmond, Hilde in *The Master Builder* in the West End).

The most virtually picturesque role, Patroclus, is well taken by Jeremy Sheffield (he was, though his programme biography omits it, a Royal Ballet dancer, and is remembered for several beauty-boy roles), with his Praxitelean torso. Of the more complex roles, however, few are completely realised, even though much is appealing in the contributions of Louis Hilyer as Hector, Philip Quast as Achilles, Ray Fearon as Paris, Richard Dillane as Diomedes, and (after an atrocious, Berkoffian start) Richard McCabe as Thersites.

Griffith Jones, as Priam, and Raymond Bowers, as Calchas, are insufferable in their ponderous hamminess. Edward de Souza and Arthur Cox, both overacting, do much to cheapen the roles of Agamemnon and Nestor.

Clive Francis, dressed and made up to look like Ko-Ko in *The Mikado*, has been encouraged to speak Pandarus in the most artificial accent since Geraldine McEwan and to play him as a sour pantomime poof. Philip Voss, as Ulysses, alone – with his harsh, witty intelligence, authority and gravitas – cleaves through the stagey superficiality of the production.

Judge is an un-Shakespearean director principally because he does so much to eliminate spontaneity from his productions, his style is not, admittedly, the cerebral contrivance that is so repulsive in the work of another RSC regular director, Steven Pimlott.

No, Judge's style is the colourful machination of a shrewd pulp-pop merchant. If only (his production seems to say) this *Troilus* were a musical, he would surely have done a better job with *Martin Guerre* than poor Declan Donnellan – although the pretty morbidity he favours seems less Boublil-Schoenberg than Lloyd Webber.

There is, I suppose, room in the world for Judge's cheap-minded way with Shakespeare. But why is such room afforded to him by, of all companies, the RSC?

In RSC repertory at the Royal Shakespeare Theatre, Stratford-upon-Avon.

Alastair Muir

Sour pantomime: Clive Francis in 'Troilus and Cressida'

Shifting fortunes of fine art

Antony Thorncroft on the optimism of auction houses

As MPs disappeared for their three-month break yesterday they joined one other group that has better things to do in the summer than stay indoors, promising the earth – the fine art auctioneers.

The smaller salerooms, like Phillips, carry on selling through the dog days, but for the aristocrats of the profession – at Sotheby's and Christie's – it will be October before a hammer is raised again in expectation of recording an important bid.

They break up in an optimistic mood. Yesterday Sotheby's, the largest international auction house, reported a 22 per cent increase in its net income for the first half of 1996, to $20.4m.

This was despite a 5 per cent fall in turnover in dollar terms (1 per cent in sterling) to £515.4m ($786m), mainly because the first half of 1996 did not include a large single owner collection like the Stralem, which brought in $65.2m in New York in early 1995.

Taken with Christie's good figures released two weeks ago, which saw its half-year sales up 6 per cent to £486m ($739m), the recovery in the art market is now well established. However, the salerooms still have some way to go to reach again the *annus mirabilis* of 1990 when Christie's sold antiques worth £700m in the first half and Sotheby's even more.

Six years ago this month the speculative bubble burst.

The general improvement has also embraced middle range and lower priced antiques.

London auctioneers Phillips, dominant in these sectors, increased sales by 12.6 per cent over the past year, to £105.6m, while Bonhams gained an impressive 18.5 per cent during the 1995-96 season to £43.8m, including the highest price ever recorded in its auction rooms – £3.1m paid for a partly gilt bronze statuette of Hercules attributed to Antico.

This was a world record for a Renaissance bronze. Earlier this month Christie's South Kensington reported a 16 per cent gain in business in the first half year, to £32.7m.

Things have improved for both Sotheby's and Christie's since the end of June, especially in London, with Christie's making £12m, double its estimate, from the Bute Collection, and Sotheby's £13.7m from just 92 lots of European works of art, sent for sale by the British Rail Pension Fund. By July 20 its sales to date this year had climbed to $869.5m, just 3 per cent down on 1995.

Sotheby's president, DeDe Brooks, is bullish about the rest of the year. In November the saleroom will offer in New York silver from the collection of George Ortiz. Just eight lots are expected to raise more than $15m. A tureen with cover from the French royal collection is reckoned to be the finest piece of European silver in existence.

In January 1997 the publisher Saul Steinberg is selling eight paintings in New York, for an estimated $7m plus, including the smallest Rembrandt known to exist.

The reward for nursing the market back to health is that owners of valuable antiques, who have been sitting things out waiting for prices to rise, will now be tempted to pop their treasures, which, in turn, persuades serious collectors to dig out their cheque books.

Both Sotheby's and Christie's must try to keep a check on any speculative interest. Sotheby's was pleased that 20 per cent of the buyers at its Impressionist and modern art sales in New York in May, which raised $154.7m, were Asian.

But it was Japanese investment buying which wreaked destruction on the market between 1988 and 1991.

Theatre/**Simon Reade**

Bland tidings from Trollope

It is hard to know which is more ubiquitous in English theatre's summer season: a dramatisation of a novel, or a Duncan C. Weldon production? There are at present so many novels on stage, that surely someone soon will publish novelisations of plays?

Meanwhile Weldon, Chichester supremo and leading impresario of the Number One touring circuit, presents a revival of Northampton Theatre Royal's *An Old Man's Love*, Michael Napier Brown's version of Anthony Trollope's 47th and last complete novel.

When William Whittlestaff's old friend dies, he dutifully adopts the orphaned daughter, Mary Lawrie.

"I'm rather set in my ways," announces this man in his 50s to the woman in her 20s. Yet Mary is a breath of fresh air in a stale household: "In just three months you have brought sunshine into this dreary place," Whittlestaff beams.

After a little flirting with Latin quotations, he proposes marriage.

On the very day she accepts, her former sweetheart, John Gordon, returns from three years' exile in South Africa, where he has earned his fortune mining diamonds. She is torn between the two men, between love and duty.

Is marriage an arcane institution, enemy to true romance? Is Trollope the Ibsen of 1880s England? Of course not.

Affection for this middling of middle England writers endures because of his consummate mediocrity and dowdy reassurance. Whittlestaff is no randy old man (despite the phallic implications of his name). Mary is no Lolita. John Gordon is what he is. "I don't think there are going to be any surprises," wagged one old boy during the interval.

The relationships fail to spark. Jane Arden's Mary and Timothy Watson's John Gordon glimmer, but their characters have no light and shade with which to play.

Clive Swift's Whittlestaff bristles with nasal world-weariness, spelling everything out to those complicating his life around him. Vilma Hollingbery has fun with Mrs Baggett the gossipy old housekeeper: "Love? Rot it!" She curses with glee.

Trollope, a foolish, fond old man, based his novel on his two platonic "father/daughter" affairs: with the young feminist American Kate Field; and with his 27-year-old niece, to whom he dictated most of this last novel while he was ill.

Her name? Appropriate enough, given her nursemaid role and the product of her secretarial endeavours: Florence Nightingale Bland.

At Richmond Theatre until tomorrow (0181-940 0088) and then on tour.

The Proms/**Richard Fairman**

Raspberries and theatrics

Each season at the Proms new music creeps out of the ghetto on to its biggest platform of the year. Composers with a BBC commission to their name are guaranteed not just a highly visible performance, but a live radio broadcast and an audience with as open a mind and pair of ears as they are likely to find anywhere. What kind of work should they go for?

The BBC's own orchestras shoulder most of the new music and the BBC Philharmonic came down from Manchester early in the week with a premiere for each of its two Proms. The first was Dominic Muldowney's Trombone Concerto in its Monday concert, a quasi tribute to the comedian Tony Hancock (a "serious clown"), which amused itself cracking a joke here and there, only to wipe the smile off the listener's face with sad or nostalgic music a few bars later.

The trombone soloist was Christian Lindberg, who joined in the fun by blowing the occasional raspberry and engaging in a spat with three recalcitrant flutes. The theatrical element is the same kind of play-acting that one gets in Schnittke's Fourth Violin Concerto, amusing as long as there is some real music in there as well. Muldowney offers just enough substance (the fugal part-writing is quite lively) and, with Lindberg bringing the solo part brilliantly to life, the concerto scored a cleverly judged Proms hit.

On Tuesday, the new work was the first UK performance of Henze's *Three Pieces for Orchestra based on Piano Pieces by Karl Amadeus Hartmann*, hot-foot from its premiere. The work comes with several worthy causes pinned to its lapel. The original piano sonata was written in 1945 as a tribute to victims of the Holocaust; Hartmann is a largely neglected composer; and Henze himself intended this work as an expression of solidarity. But the music lacks the compelling ideas to do its message justice.

In the Monday programme we had Chabrier's *Bourrée fantasque*, as orchestrated (with delightful Gallic sparkle) by Robin Holloway, and Mussorgsky's *Pictures at an Exhibition* in its best-known orchestration by Ravel, here under-played in the interests of French subtlety by the conductor, Yan Pascal Tortelier. A pity that Ravel was not invited to do the same favour for Roussel's ballet *Bacchus et Ariane*, which lacks precisely his ear for clarity and grace.

On Tuesday, the BBC Philharmonic introduced its new principal guest conductor, Vassily Sinaisky. He opened with Elgar's exuberant orchestration of Bach's C Minor Fantasia and Fugue and followed with Rachmaninov's dazzling re-working of a simple violin tune in his *Rhapsody on a Theme of Paganini*. The sinister, driven energy of the solo part was rendered as bright, clean-cut playing by Nicolai Lugansky, but not more. To end, there was a modest performance, limited in colour and personality, of the Fourth Symphony by Brahms – respectfully left to his own devices.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-5730573
● *Georgian Chamber Orchestra*: with conductor/violinist Liane Issakadze perform works by Schubert/Mahler, Haydn and Saint-Saëns; 8.15pm; Jul 29

EXHIBITION
Stedelijk Museum
Tel: 31-20-5732911
● Uit het Lucebert-archief: exhibition focusing on the artistic talents of the Dutch artist Lucebert (1924-1994). The display includes poems, drawings, paintings, prints, letters, films, posters, photographs, interviews, catalogues, newspaper clippings and other "Lucebertiana" from the collection of Kees Groenendijk; from Jul 27 to Sep 1

■ ATHENS

DANCE
Athens Festival Tel: 30-1-3221360
● Don Quixote: a choreography by Leonidas De Pian, performed by the Ballet of the Greek National Opera. Part of the Athens Festival; 9pm; Jul 26, 27, 28

■ ATLANTA

OPERA
Symphony Hall Tel: 1-404-892 3600
● *International Opera Gala*: featuring soprano Dame Gwyneth Jones, mezzo-soprano Agnes Baltsa, tenor Vladimir Popov, the Atlanta Opera and the Atlanta Symphony Orchestra with conductor William Fred Scott. Part of the 1996 Olympic Arts Festival; 8pm; Jul 27

■ BERLIN

EXHIBITION
Agyptisches Museum und Papyrussammlung – Charlottenburg Tel: 49-30-3209126
● Theatrum Hieroglyphicum. Agyptischen Bildwerke des Barock: exhibition of a series of 18th century pseudo-Egyptian statues and reliefs that were created for the Park von Wörlitz. The works on display give an insight into the ideas and perceptions of ancient Egyptian culture that prevailed at the time; to Sep 8

■ BONN

EXHIBITION
Kunstmuseum Bonn
Tel: 49-228-776121
● Picasso – Illustrierte Bücher: exhibition of books and book illustrations by Pablo Picasso. The approximately 100 works on display give an overview of the artist's development in this field between 1911 and 1974; to Sep 22

■ EDINBURGH

EXHIBITION
Royal Scottish Academy
Tel: 44-131-2256671
● David Livingstone and the Victorian Encounter with Africa: this exhibition offers an account of the life and times of David Livingstone, from his birth and childhood in the cotton mills of Lanarkshire to his journeys as missionary and explorer across the continent of Africa. The display also examines the political and ideological background to African exploration, the activities of missionaries and hunters in southern Africa in the early 19th century and the travels of fellow explorers.
The exhibition presents a diverse range of material from ethnographic items and natural history specimens collected by Livingstone and his parties, to portraits, original photographs, manuscript maps, journals and letters, as well as his travelling equipment; to Oct 6

■ LONDON

CONCERT
Wigmore Hall Tel: 44-171-9352141
● New Helsinki Quartet: perform works by Mozart, Erik Bergman and Janácek; 7.30pm; Jul 27

EXHIBITION
Victoria & Albert Museum
Tel: 44-171-9388500
● Arts and Crafts Architecture: coinciding with the V&A's major William Morris exhibition, this display tells the story of the development from the 1850s of an approach to domestic architecture which matched the arts and crafts ideals of William Morris.
The display includes work by Philip Webb, Norman Shaw, W.E. Nesfield, C.R. Ashbee and C.F.A. Voysey; to Sep 29

THEATRE
Purcell Room Tel: 44-171-9604242
● Jo Brand: performance by the comedian, starring in Channel 4's *Through the Cake Hole*.
Her special guest is Ian Stone; 8pm; Jul 27

■ LOS ANGELES

CONCERT
Hollywood Bowl
Tel: 1-213-850-2000
● Hollywood Bowl Orchestra: with conductor John Mauceri and vocalists Carol Burnett and Scott Bakula perform works by Bernstein, Loesser, Sondheim and Rodgers; 8.30pm; Jul 27

■ MUNICH

EXHIBITION
Kunsthalle der Hypo-Kulturstiftung
Tel: 49-89-224412
● Amerika - Europa: exhibition of works from the collection of Ileana and Michael Sonnabend. Included in the exhibition are works by American and European artists from the 1950s to the present; to Sep 8.

OPERA
Nationaltheater
Tel: 49-89-21851920
● Die Meistersinger von Nürnberg: by Wagner. Conducted by Peter Schneider and performed by the Bayerische Staatsoper. Soloists include Bernd Weikl, Kurt Moll, Claes H. Ahnsjö and Hans Wilbrink. Part of the Münchner Opern-Festspiele; 5pm; Jul 28, 31

■ NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Reigakusha: perform works by Ishii, Takemitsu and Vierk. Part of the Lincoln Center Festival; 8pm; Jul 28

EXHIBITION
The Pierpont Morgan Library
Tel: 1-212-685-0008
● Being William Morris: A Centenary Exhibition: exhibition seeking to show a picture of William Morris in his various manifestations and careers: poet, novelist, illustrator and collector, among others. The display includes a widely diverse group of objects, ranging from books and bindings to wallpaper and fabrics; to Sep 1

■ PARIS

EXHIBITION
Centre Georges Pompidou
Tel: 33-1-44 78 12 33
● Gaetano Pesce: a retrospective exhibition devoted to this artist, featuring furniture, objects and architectual projects; to Oct 7

■ SALZBURG

CONCERT
Grosses Festspielhaus
Tel: 43-662-80450
● Wiener Philharmoniker: with conductor Simon Rattle perform Bartók's Concerto for Orchestra and Beethoven's Symphony No.6 (Pastorale). Part of the Salzburger Festspiele; 9pm; Jul 28, 29 (8.30pm)

OPERA
Grosses Festspielhaus
Tel: 43-662-80450
● Don Giovanni: by Mozart. Conducted by Donald C. Runnicles; performed by Wiener Philharmoniker. Soloists include Ferruccio Furlanetto, Bryn Terfel, Lella Cuberli, Catherine Malfitano, Vesselina Kasarova, Roberto de Candia. Part of Salzburger Festspiele; 7.30pm; Jul 27

■ SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall
Tel: 1-415-864-6000
● An Evening with Patti LuPone: featuring the San Francisco Symphony with conductors John McDaniel and Emil de Cou; 8pm; Jul 28

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WORLD SERVICE

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17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

The shockwaves that unsettle

Saudi Arabia's ruling family may be encouraging extremists by its failure to concede modest reforms, says **Roula Khalaf**

The bomb explosion last month which killed 19 American soldiers at a US complex in Dhahran launched a worldwide hunt for those responsible. But the shock of the explosion has also led to renewed soul-searching in Saudi Arabia about the future of the world's largest oil exporter.

Many Saudis believe a small group of young Islamic extremists was involved in the terrorist attack. But asked about the Dhahran bomb, they launch into monologues about the ills plaguing their society, much of which they blame on policies of the royal family.

When oil money was plentiful and Saudis were busy amassing fortunes, the business and merchant classes were not inclined to make an issue out of royal excesses, economic mismanagement or lack of political freedom. The bomb attack, the second in the kingdom in eight months, is seen by many as a reflection of unrest over such issues stirred up by the tougher economic circumstances of the 1990s.

"Per capita incomes have gone down by two-thirds as we enjoy the highest birth rates in the world," says a leading merchant. "That's a recipe for disaster. Princes, merchants, everyone has to adapt to this change. Ten years ago nobody cared. But I think it will change under the pressure of what you saw in Dhahran."

The fall in incomes has been happening since the mid-1980s when oil prices began to fall sharply. But it was only after a liquidity crunch following the Gulf war that the king moved to curb the budget deficit. In 1994, he reduced government spending and raised charges on utilities to prepare Saudis for a less pampered lifestyle.

Late last year, however, the king suffered a stroke and in January handed over to Crown Prince Abdullah, his half-brother. Although the king took over again two months later when he had made a partial recovery, the momentum for economic reform seems to have waned.

The kingdom could receive up to $8bn in extra oil revenue this year from higher prices, which could be used to bridge a $4bn deficit or pay contractors for past work. But economists say very little has found its way to the local economy.

Moreover, no measures have been initiated to fight corruption, draw up budget priorities or limit the stipends paid to around 5,000 Al Saud princes. Economists estimate that stipends account for about 20 per cent of the SR150bn (£26bn) state budget; defence spending, highest in the world, makes up more than 15 per cent of gross domestic product.

Critics of the royal family are calling for reform rather than revolution. "The system is not perfect but no one in his right mind would ask for an alternative," says a Riyadh businessman. "We just have to look around us."

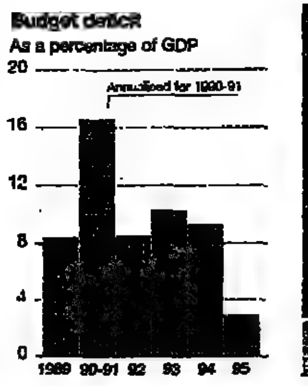
Saudis are well aware that the House of Saud has successfully brushed off challenges before, from the rise of Nasserism and Baathism, to the revolution in Iran. "We are like a conveyor belt, with a lot of people standing behind each other," a young Saudi prince says of the royal family. "One goes and another comes back."

There is a growing worry, however, that the king's illness makes it difficult for the Al Sauds to take decisive action and respond effectively to growing discontent. Although the king still has the final word, the crown prince is believed to be running the kingdom from day to day. Prince Sultan, the defence minister, is also influential.

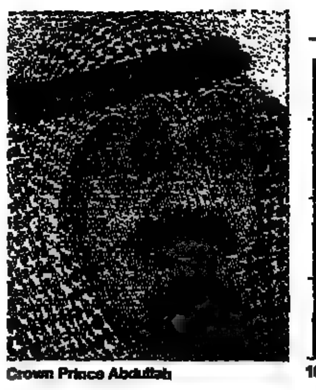
Yet moderate Islamists believe that conceding modest political and economic reforms would do much to reduce the level of discontent. It might also marginalise the section of the religious establishment which preaches an even more puritanical version of Islam than already practiced in the kingdom and is believed to be a source of inspiration to young extremists.

The clerics seen as most threatening to the regime – who were jailed in 1994 – expressed fears that religion was being separated from everyday life. But they also made demands for less arbitrary law enforcement, independent oversight of government financial institutions, anti-corruption measures and an independent media that are shared by most critics.

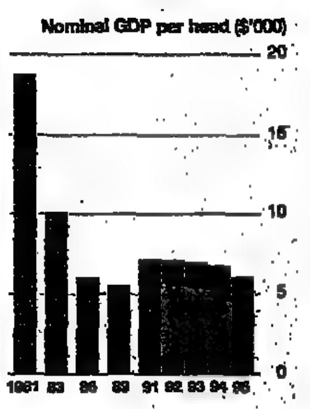
Ever since the kingdom's foundation, Saudi Arabia's rulers have attempted to curb the religious establishment's political powers without seeming to act against Islam and jeopardising their religious credentials as the guardians of Islam's two holiest places. The government promoted the establishment of Islamic universities, and the inclusion of a heavy dose of Islamic teaching in others. In part to ward off the spread of communism, it also financed Islamic movements around the Middle East and contributed to the funding of the fighting the Soviet-backed regime in Afghanistan.



King Fahd



Crown Prince Abdullah



Sources: Datastream, FT estimates, Ministry of Finance & National Economy

The religious establishment was asked to issue a *fatwa* – or religious edict – inviting US troops to defend the kingdom during the Gulf war. But imams in government-controlled mosques were also allowed to deliver blistering sermons attacking Washington, resented by ordinary Saudis for its one-sided policy in the Arab-Israeli conflict.

And while the streets of Riyadh are a slice of little America – lined with shopping malls, Pizza Hut and McDonald's – they are also patrolled by the *mutawa'a*, the religious police. They are fond of harassing women for a hair that inappropriately sticks out of a headscarve or a hand not tucked deeply enough into the traditional *abayas* robe.

But the king has recently realised that policies aimed at promoting the royal family's legitimacy can backfire. Three of the four young men caught and beheaded after the bomb attack on a US-staffed Saudi national guard complex in Riyadh last November had fought in Afghanistan.

In the aftermath of the attack, the King curbed the reign of the *mutawa'a*. He had already removed six of the seven university chancellors last summer, but he then sacked radical professors and launched a propaganda campaign in schools against "false Islamic teaching".

Critics argue that reforms on the issues that worry both conservatives and liberals would win the support of even the most conservative clerics. Since Saudi Arabia is already an Islamic state, says one moderate Islamist, "most conservatives will be willing to live with modern necessities if they are assured the government won't be turned into a secular state, that there will be no bars, prostitution or outrageous indecency."

And a measure of political debate, now non-existent in the kingdom, would allow liberals as well as respected moderate Islamists to challenge the radicals. As a technology consultant in Riyadh says, it would create the opportunity to persuade those who shun credit cards "that credit cards are also useful even though interest is against Islam".

The fear, however, is that failure to offer some liberalisation will lead to deeper alienation of moderate Islamist critics of the regime and create a political cover for extremists. "Reform may not erase this [violence]," says a moderate Islamist. "But reform can prevent deterioration and growth of violent segments."

The king in recent years has attempted to tackle some of the issues raised by critics. For example, in 1993 he revived the *majlis al shoura*, the consultative council which is a Saudi Arabian's version of a parliament.

But he appoints all the council's members and can ignore their recommendations. And he has yet to react to the council's suggestion last year that all state expenditure be included in the budget and new priorities be set for how oil money is spent.

People close to the Al Sauds say one reason for the king's return in March was prompting by some members of royal family who wanted to delay the succession of Crown Prince Abdullah who is reputed to favour curbing spending and limiting excesses. They believe that changes will have to wait until the crown prince takes over.

LETTERS TO THE EDITOR

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Posters a priority on road to promotion

From Mr Philip Allen.

Sir, Lucy Kellaway is lucky to be living in London where motivational posters can still safely be frowned upon ("Is performance-related pay worth it?", July 23). In the US a thriving industry has grown up around "corporately-correct" poster art. Managers have budgets to buy selections of framed posters from a catalogue, and – the English will find this difficult to believe – employees vie to hang them on their walls.

Within a few yards of my office we have the Stern Handshake ("teamwork") the Long Road Disappearing into the Sunset ("the race for quality has no finish line") and the Ocean-Going Yacht ("Risk . . . you cannot discover new oceans unless you lose sight of the shore"). Yes, it is inconceivably trite, but over here on the west coast managers are indeed promoted for this sort of thing.

Philip Allen,
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No evidence for this 'fact'

From Ms Catherine Kaplinsky.

Sir, In Jeffrey Masson's review of Anthony Storr's book *Feet of Clay: a Study of Gurus*, he says that "factual errors are annoying" and complains about lack of evidence. Is this not ironic? In the same review, Masson claims as "fact that Jung slept with one of his early patients and students, Sabina Spielrein".

He is guilty of the same error. Over the years, researchers of Jung have not found conclusive evidence that he slept with this patient – much as some might like it. As with many reviews this is one where the reviewer's personal bias is very evident.

Catherine Kaplinsky,
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Unequivocal rules on moral issues

From Mr Alastair Budd.

Sir, Regarding Hugh Dickinson's column "Why the time for rules is past" (July 13/14), the Ten Commandments have permanent value because they emanate from God, the supreme being; they are not a set of arbitrary rules. For the Christian and Jew, obedience to the moral law of the Ten Commandments provides both guidance and protection.

Christ Jesus' response to a woman accused of adultery, as recorded in chapter eight of St John's Gospel, is both compassionate and unequivocal: "Go and sin no more." Genuine Christianity does not compromise or prevaricate on moral issues, which is why it is often resisted and rejected. Commitment to the radical Christianity practised by St Paul and other first century Christians will impart the moral dynamic so needed in western society today.

Alastair Budd,
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Workers' rights are not just a western value

From Mr Jeff Atkinson.

Sir, Your editorial "Sweatshops" (July 23) implies that organisations like Oxfam which are campaigning to improve the situation of workers in developing countries are imposing western values on these countries.

Is the basic right to safe and healthy working conditions in factories an imposition of western values? Should not all workers, whether in developing or developed countries, have such rights? The basic rights of workers are enshrined in the conventions of the International Labour Organisation, which are agreed to and ratified by the governments of countries, both developing as well as developed – and fought for by workers' organisations in developing countries. This hardly makes them a western imposition.

What Oxfam, together with other anti-sweatship campaigners, particularly want is that the most fundamental of all ILO rights – the right of workers to organise and bargain collectively – should be respected by all governments. This is not an imposition of western values. This is about giving workers in developing countries the right and the power to bargain for whatever conditions they themselves consider to be appropriate and just.

Having western countries remove the barriers to garment and other imports from developing countries is important, as your editorial suggests, because it helps create desperately needed jobs in poor countries. However, also important is ensuring that the jobs created are not exploitative – and the best way to do that is to ensure that workers have some say in the conditions under which they have to work.

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Europa • **Dominique Moïsi**

Citizens on a sinking ship

The European state can no longer carry out its traditional duties and must be reinvented

The British beef crisis – or "the crazy cow" as it is described in France – has been an important turning point in the difficult relationship between the UK and the rest of the European Union. But in addition to the potentially frightening health consequences of BSE, the crisis has also raised some troublesome questions about the relationship between the state and society.

Who can private citizens trust on issues of collective health and safety in a world that is becoming ever more complex? Can they rely on anonymous officials at national and European level or the politicians they have elected to protect them from the unintended consequences of technological advances?

The beef crisis comes 10 years after the radioactive fallout from the burning nuclear power station at Chernobyl in Ukraine had supposedly stopped at the Rhine. According to official statements, French territory was left untouched. This was proved false when years later otherwise inexplicably high cancer rates were recorded in regions of France that were more affected than others by the radioactive cloud.

More recently, a crisis emerged over the contamination of blood supplies with the HIV virus which – like the spot in Lady's Macbeth's hand – continues to haunt the French politicians involved. The victims have been compensated, but after much haggling.

And the series of scandals which has hit the nationalised industries from Credit Lyonnais to Crédit Foncier de France is like an acid eroding the credibility of the country's institutions. In the latest of these, the former chairman of SNCF, the state-owned railway company, is in jail in connection with an inquiry into investments by Elf Aquitaine, the French oil giant, while he was chairman.

The "crazy cow" affair has added to the growing alienation and distance between citizens and the French state. The campaign encourage people to buy French beef with the aim of restoring sales has largely proved a failure, since the mad cow problem is not one of the origin of the cows, but of what they have been fed. Consumers fear the government has not exerted sufficient controls to avoid contaminated feed reaching the farms.

This is potentially dangerous for the future of democracy. The ultra-liberals may proclaim that public opinion wants a smaller state, but what most people want is a better and more responsible state – one that is less concerned with pomp and more honest, efficient and impartial.

Yet the omnipresent and highly centralised French state appears incapable of finding answers to the social cancer of unemployment. Its justice system is seen as partial, with ministers of justice appearing to protect those close to the governing parties. It is not surprising that citizens find it hard to trust the measures announced by the government to reassure them about beef.

As we are about to enter the 21st century, the question is whether the state is too small to solve the big problems and too big for the small problems. The problem is that the four traditional missions of the state are all being questioned, for different reasons.

The traditional Hobbesian mission of providing security against attack from outside has lost its importance with the end of the cold war. The well-defined threat of the Soviet Union has been replaced by a multiplicity of uncertainties such as terrorism and uncontrollable migrations of people. But there is no outside power directly threatening the security of most western countries.

The second mission of the state was to protect the weakest by reducing inequality and redistributing wealth. But the social security systems of western Europe are crumbling under the weight of deficits. There is a growing awareness that too much social protection is destroying the economic base that funds the welfare state – eroding the very idea of the state as protector.

As for the third mission of regulating the economy, that has fallen victim to globalisation. The role of the state as an economic manager has been undermined by the vast scale of financial flows across borders. This reality is confirmed by governments' exit from state enterprises and utilities through privatisation.

In countries such as France or the UK, the state has had a fourth function in contributing decisively to the creation of a nation – by forging a national identity out of diverse peoples. By contrast, however, in Germany or Italy, the nation created the state.

However, even that role of building and keeping alive the nation's identity has been eroded by the behaviour of those who represent the state. The contrast between the pomp and glory of state ceremonial – monarchical or republican – and the activities of the British royal family or the mayor of Paris is weakening the capacity of the state to embody the nation.

This crisis of the state in France and – to various degrees – the rest of Europe does not mean the solution is a reduced, business-friendly, minimalist state that some advocate.

Most Europeans believe that post-second world war Europe has been built on a combination of economic growth with social protection – a more humane model than the Asian or even the American model. Yet they also know that this European model no longer works – and they have lost confidence in their leaders to protect them from adversity.

If the European state is to be credible and respected again, it will have to be reinvented – this time with less ambitious aims and higher standards of morality. The state of the future must give a much higher priority to the task of educating its people to face a fast-changing world.

And those who represent the state at the highest level must find the courage to exclude the black sheep. The future of democracy lies in their readiness to do so.

The author is deputy director of the Paris-based Institut Français des Relations Internationales and editor of Politique Etrangère. *He writes here in a personal capacity*

COMMENT & ANALYSIS

FINANCIAL TIMES
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Bloodbath in Burundi

Once again the "international community" watches helplessly as an African state slides into genocidal anarchy. Two years ago in Rwanda the world was caught unawares by the sheer speed of the slaughter. That is one excuse it cannot give today in neighbouring Burundi. The crisis there has developed in slow motion, claiming the lives of 150,000 people since 1993. Killings are now reckoned at over 1000 per month. But the sporadic, unorganised character of the violence makes it much harder to produce a credible plan for stopping it.

Julius Nyerere, the former Tanzanian president, negotiated a plan last month, under which troops from east African countries would guard key installations as well as leading politicians and civil servants, and retrain the army. This seemed serious at the time because "security assistance" was formally requested by the Burundian president and prime minister, representing the two mutually hostile ethnic groups.

But later the prime minister backtracked, under pressure from his own Tutsi community, who feared that the proposed intervention, by neutralising the army, would remove their only protection against wholesale massacre by the Hutu majority – the fate of their kith and kin in Rwanda.

On the other side the Hutu president was disavowed by the main Hutu rebel group, and has since taken refuge in the US embassy after being stoned by angry mourners at the funeral of over 300 Tutsis, presumed victims of a rebel attack. Yesterday the prime minister resigned, all the Tutsi political parties pulled out of the government, and the army reinstated the last Tutsi president, Major Pierre Buyoya, who ruled the country from 1987 to 1992.

The army's action is a direct challenge to the US, the UN Security Council and the Organisation of African Unity, all of which have said they will not recognise a Burundian government installed by illegal means. Salim Ahmed Salim, the OAU secretary-general, even said such an attempt would be met "by force", under either the Nyerere plan or the UN.

Such threats are hardly convincing. Mr Nyerere himself said last week that no troops would go in unless there was a ceasefire. And even if the UN Security Council were to mandate a force to fight the Burundian army, few countries would contribute to it.

Diplomatic isolation, a more plausible threat, would in itself do little to prevent further slaughter. The Tutsis have somehow to be persuaded that they have a far better chance of avoiding extermination through genuine compromise with the majority than by seeking to perpetuate minority rule. Major Buyoya, who in 1992 played the democratic game and handed over to the first Hutu president, may well be the only leader who can get this message across.

Sharing the pie

Such is the defeatism permeating the unemployment debate in France that the government is pinning its job creation hopes on the reduction of working hours. Encouraging companies to cut the working week and hire more staff may, at the margin, raise employment. For that reason, the new law encouraging employers to do this is not necessarily a bad thing. But the hours that people work have not been behind the rise in French unemployment – nor will they play more than a modest role in reducing it.

To expect large employment gains to result from such schemes you have to believe that the doubling in the number out of work since 1979 has been due to employed people "hoarding" the available work by putting in long hours. Yet, according to the Organisation for Economic Co-operation and Development, the average French employee worked a total of 1,631 hours last year, over 320 hours less than the average US worker. Indeed, within the OECD only the Nordic countries and Germany worked fewer hours.

Higher joblessness can, rather, be traced to a range of other factors: a long-term decline in the demand for unskilled labour; inflexible – and uncompetitive – labour and product markets; and the generally depressed state of nominal demand. As a result, the economy has simply not produced enough work to keep the workforce occupied. Total employment in France rose by a little over 700,000, or 3 per cent, between 1979 and 1995. Employment in the overworked US, meanwhile, rose 26 per cent.

Voluntary efforts by companies to reduce working hours which do not increase unit labour costs might deliver a range of benefits in addition to higher employment. Depending on the precise arrangements, both employer and employee might enjoy the greater flexibility afforded by working a shorter working week or employing more heads. It makes sense, then, for the government to give companies a prod in this direction, by reducing some of the extra cost of taking on new staff.

But it is up to companies to decide whether they will benefit from following the government's lead. Ministers should not try to force them. Instead, they should keep their eyes on the more important employment prize: of boosting the total work available.

A more expansionary monetary policy, faster deregulation of the labour market and the service sector, and tax reforms to reduce non-wage labour costs could all generate a genuine increase in employment. Given the burdens of qualifying for European monetary union, Mr Alain Juppé may have given up making much progress in these politically sensitive areas for the time being. But the prime minister should not pretend that tweaking working hours will fill the jobs vacuum instead.

UK defence

A very public squabble between Cabinet ministers is not normally considered the model of good government in the UK, but the spat over £3.5bn of defence orders between the British Treasury and the Ministry of Defence has at least produced some good results.

From the MoD's point of view it has kept its policy of reducing personnel while buying more modern and effective equipment on track. This was in severe danger of being undermined by Treasury cuts to its capital equipment budget. Such a reduction risked further undermining the morale of the armed forces, and betraying the bargain made by the chiefs of staff when they accepted staff cuts for more modern equipment.

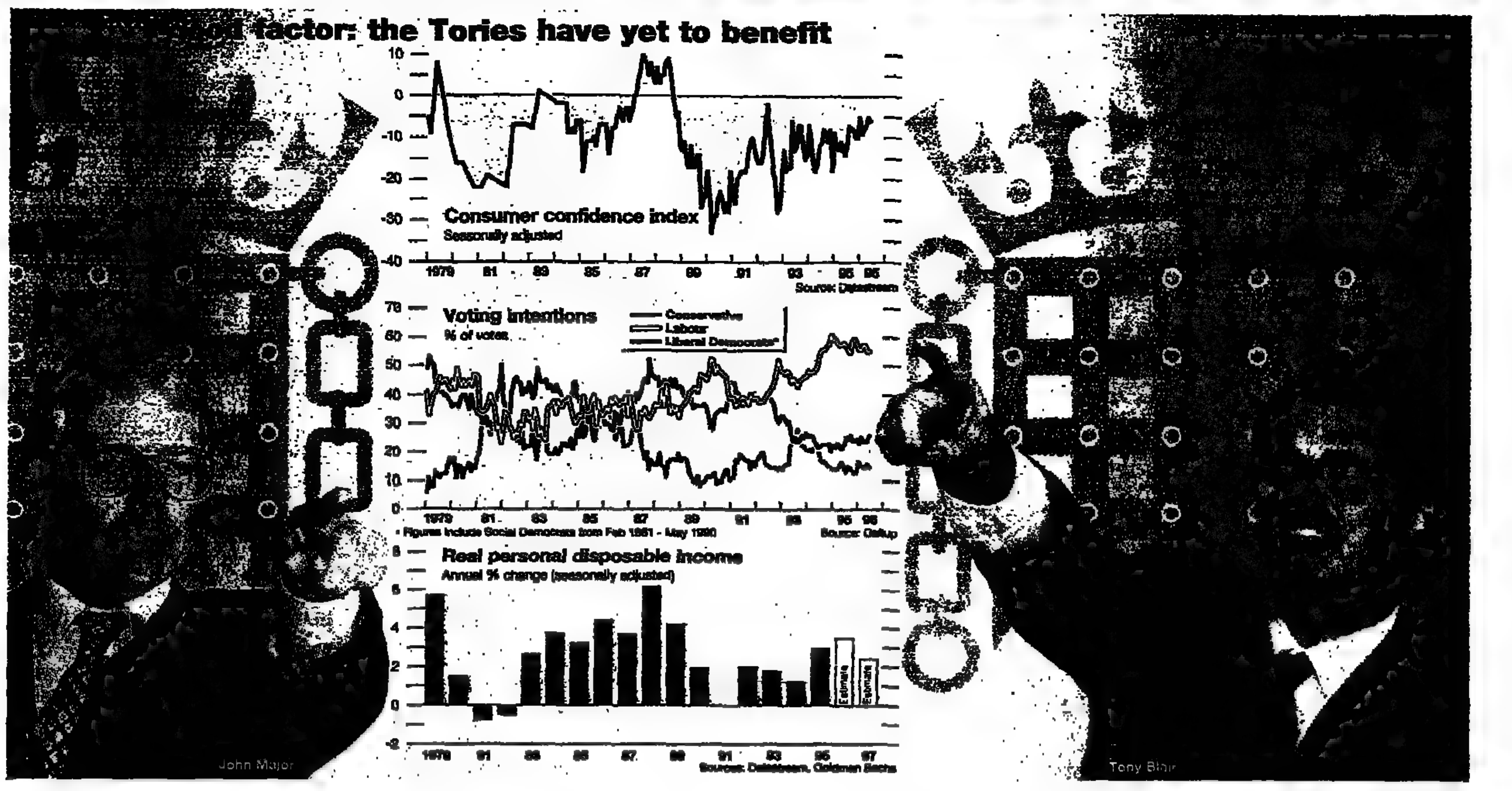
The prospect of losing important equipment also raised a more concrete danger: that the military's capability might be bled to the point where it ceased to be a credible fighting force. Defence expenditure is to some extent discretionary, particularly in times when threats are absent, but the long lead-times to procure defence equipment and unpredictable nature of world events mean that a guard can never be fully relaxed.

The UK obviously has an interest in being able to maintain clear shipping lanes and needs maritime patrol aircraft for the task. The limitations of the Royal Air Force's old arms inventory was tragically demonstrated by its high attrition rate in the Gulf war. There is little doubt that this equipment is needed by the RAF.

At the same time, the chancellor has a responsibility to maintain fiscal discipline. With taxation receipts unexpectedly low and non-discretionary spending on areas such as welfare still growing, the pressure has to be felt somewhere. A robust examination of the merits of the MoD's case was thus reasonable.

Having failed to cut a pound of flesh from the MoD on this occasion, the Treasury will be casting about for other victims in the current public spending round. To judge from the muttering coming from Great George Street yesterday, other aspects of MoD spending may expect the Treasury's particular attention. Clearly if spending is not cut somewhere, the only alternative in the medium term is higher taxes. Since the Conservative party professes to be in favour of both strong defence and low taxation, the government's choices will be all the harder in finding spending cuts for the next Budget.

While a debate over the orders may have been reasonable, the kind of on-again, off-again brinkmanship which has characterised the struggle over the past few weeks is less attractive. The Tories are unlikely to reap the electoral advantage they seek from placing the orders in the UK if they mishandle the announcement by blurting it out a day after parliament has departed for the summer. Firmer leadership at the centre might have resulted in an earlier resolution of the problem and left a better taste in everybody's mouth.



Blair runs with the tide

Lagging behind in the polls and facing divisions over Europe, John Major has an electoral mountain to climb, says **Philip Stephens**

Mr John Major's options are not entirely exhausted. There might yet be another flimsy bridge to be thrown across the chasm in the Conservative party over Europe. Even as pro-European ministers man the barricades behind the cabinet's wait-and-see policy towards a single European currency, there are whispers in Whitehall about the terms of another truce.

The details can wait for a moment. As parliament breaks at the start of the summer recess, ministers and backbench Tory MPs alike are asking whether there is any longer a purpose to this endless search for compromise. The wounds inflicted by Europe now run too deep. For many, the general election has already been lost.

Mr John Redwood thus seeks to jostle aside Mr Michael Portillo as the favourite of the Eurosceptic right for the party leadership. Mr Peter Lilley, an ideological soulmate, is promoted by friends as the a chancellor-in-waiting. Mr Malcolm Rifkind, Mr Stephen Dorrell and three or four others preen themselves as candidates of the centre. Mr Major appears almost, though not quite, alone in thinking he might yet win.

Taunted by Mr Tony Blair, the Labour leader, in the Commons this week, the prime minister paraded the good news on the economy which a handful of optimists believe could yet rescue the government. Behind him, Tory MPs sat on their hands, divided and disloyal.

Of itself, the much-publicised resignation of Mr David Heathcoat-Amory was insignificant. A middle-ranking minister with a junior job at the Treasury, he joined the chorus of sceptics demanding that Mr Major rule out participation in economic and monetary union during the lifetime of the next parliament. In the longer term he will add little more than patrician charm to the sceptics' ranks. He has had his moment of fame. But these upsets over European policy now have a relentless familiarity.

The coincident resignations from the government of Mr Steve Norris and Mr Tim Eggar were hardly noticed. These able ministers chose to quit not over any policy difference but because they have given up on politics and, by implication, on the party. Mr Heathcoat-Amory represented the divisions in the government. Their departure was acknowledgement of the decay.

A few days earlier, Mr Major had made another of his all-too-frequent pleas for party unity in the months before the election. They could still win, he told Tory MPs at their traditional end-of-term rally. Those who listened said that the prime minister sounded as if he meant it. Some were half-convinced.

But within 48 hours they were back in the trenches, turning their fire from Labour to enemies on their own side. For the hardline sceptics, Mr Heathcoat-Amory was a man of principle not a turncoat. In their minds, Mr Kenneth Clarke, the defiantly pro-European chancellor, is a more dangerous enemy than Mr Gordon Brown, his Labour shadow. Less ideological ministers despair. Press them about the fitness of their party to sustain an effective administration for another five years and most find compelling cause to change the subject.

The opinion polls reinforce the gloom. During the past month or so the gap between the two main parties has narrowed. And it is scarcely plausible that the raw figures from the pollsters – showing a Labour lead still of upwards of 20 points – reflect the true intentions of the electorate. A realistic guess would give Mr Blair a lead of between 10 points and 15 points. But even that presents Mr Major with a mountain which has never before been climbed. Ten months before the 1992 election the two parties were standing side by side.

There are other warning signs. Regardless of their own party loyalties, a substantial majority of voters thinks Mr Blair will win the election. Such forecasts tend to become a self-fulfilling prophecy. The Conservatives are seen as divided and extreme. New Labour (Mr Blair's corny prefix has stuck) casts itself as moderate and relatively united.

Mr Major, though, is not quite alone. Mr Michael Heseltine, his deputy, also refuses to contemplate the possibility of defeat. Mr Heseltine takes a determinist view of the relationship between economics and politics. However disgruntled, the electorate will not turn out a government after a sustained period of rising incomes.

The money is certainly jingling in the voters' pockets. Real personal disposable income rose nearly 3 per cent last year. A bigger increase is expected for 1996. Consumer confidence has returned to its highest levels since 1992. So too has the feel-good factor, the pollsters' measure of the electorate's expectations for the next 12 months.

Mr Clarke's summer forecast of accelerating economic growth alongside quiescent inflation is too optimistic. If the chancellor is right about the quickening pace of consumer spending, then interest rates will almost certainly have to rise to cap the pressure on prices. Nor does the chancellor have much leeway for tax cuts in his November Budget. The best guess of Whitehall insiders is that he may find room to take 1p off the basic rate of income tax, and even that will require some creative accounting. But in the months before the election, the economy will feel good. Many voters will ask themselves whether in backing Labour they would risk this good fortune.

Mr Blair is not complacent. He proved again this week, that unlike Mr Major, he can get his way in his party. But the return of the same old faces to the shadow cabinet table was hardly a triumph. The colleagues he relies on most – Mr Gordon Brown, Mr David Blunkett and Mr Jack Straw – were not the chosen favourites of Labour MPs. The parliamentary party is becoming fractious. There is a visible distance between leader and led. Mr Blair, never the most clubbable of politicians, needs to shake a few hands, slap a few backs and buy a few drinks for his footsoldiers.

The tensions in the shadow cabinet do not help. Mr Robin Cook, one of most able in the team, seems increasingly detached. When he disagrees he will endorse the collective line but with an edge to his voice which scarcely conceals his dissent. He has done so again over Mr Blair's call for end to strikes by London's Tube train drivers.

The pressures will increase through the autumn. Any reasonable forecast shows a steady narrowing of the published opinion gap between the parties between now the election expected in April or May 1997. Otherwise, the Conservatives would be facing not defeat but political extinction. Mr Major is used to being battered. All the indications are that Mr Blair too will keep his nerve. But his party's resilience is untested. The Conservatives have the money and means to launch a sustained assault.

Against that there are deeper currents running in Mr Blair's favour. During the two years of his leadership he has sought to build a new intellectual framework for the centre-left. At its core is a role for government which is enabling rather than interventionist. Wider opinion seems to be moving in his direction. Mr Newt Gingrich, the leader in the US Congress if the Republican right, has lost as many disciples on this side of the Atlantic as he has in Washington.

Endemic job insecurity and rising income disparities have shown that markets have vices as well as virtues. The political tide in favour of a minimalist state is ebbing as fast as it flowed. The voters do not want big government. But nor do they want no government. The answer lies in investment in education, training and technology. These are Labour's slogans.

In his pitch to the electorate, Mr Blair has still to strike an easy balance between reassurance and radicalism. The promise of restructuring of the welfare state has yet to be matched by a clear exposition of the means. Mr Paddy Ashdown's Liberal Democrats are often alone in their advocacy of bold solutions. But these are minor points when set against Mr Major's tribulations.

The Tory sceptics, with backing from within the cabinet, are determined to win the struggle over a single currency. They plan an autumn campaign to force a manifesto pledge ruling out sterling's participation during the next parliament. So far the cabinet's three most senior ministers have stood firm. Mr Clarke and Mr Heseltine could scarcely remain in his government if the prime minister gave in. Mr Malcolm Rifkind, the foreign secretary, is personally less committed to keeping open the Emu option. But he has told Mr Clarke he will resist attempts to reopen the issue.

Others are less convinced that the prime minister will hold that line. His own opposition to any further European integration has hardened. Given a free hand, he would not take the pound into a single currency. Hence the talk of another compromise. This latest, still speculative formula would see the government pledging to stand aside if Emu started on schedule on 1 January 1999. But it would leave open all other possibilities, including joining later or being among the first wave if the project were delayed.

It is impossible to predict whether such a fudge might buy another temporary peace. Either way it is hard to imagine the voters will care. The general election is not lost until it is fought. But Mr Major can win now only if the nation runs away from change. For the moment it seems to relish the prospect.

OBSERVER

Calling on Carlo

■ There is no need to worry any longer about what Carlo De Benedetti will do with his time now he has given up day-to-day executive duties at Olivetti, the Italian computer company of which he is chairman. Yesterday he agreed to lead the European Union working group which will prepare the way for a new pan-European telecoms regulator.

De Benedetti has always been an expert Brussels schmoozer and yesterday's announcement was proof that even though Olivetti is struggling to return to profit, and its personal computer subsidiary is facing a bleak second half, his lobbying powers are undiminished.

Presumably the post dovetails rather nicely with his "full-time commitment" to handling Olivetti's alliances and strategies – one of which just happens to be developing the company into a broad-based information technology and telecoms operator. A conflict of interest – or an incentive to make sure something comes out of the working party? We'll see.

The piety business

■ The world would have lost a lot of its best literature if it followed the principle apparently embraced by Newsweek. Richard Smith, the weekly magazine's editor-in-chief and president, is still wrangling with the problem, as he sees it, of how to accommodate the fact that his star columnist Joe Klein is also the author of the bestselling novel *Primary Colours*.

Smith has apparently said: "there are complicated issues over having a journalist and fiction writer in the same body".

Whether this refers to the corpus of Newsweek or to Klein's own body is unclear. However, the principle that anyone in the facts business will be corrupted by a facility for storytelling seems a mite pious.

If publishers down the ages had taken that stand, it would have been at the expense of Charles Dickens, George Orwell, Ernest Hemingway, Rudyard Kipling, Anthony Trollope, H.G. Wells, Emile Zola, Evelyn Waugh, to mention just a fraction of an illustrious band. More recently, sources in the trade vouch that Frederick Forsyth was a great Reuters journalist in Berlin, and there are few hacks who don't envy Robert Harris.

Perhaps the best example is under Newsweek's nose: David Ignatius, business editor of the *Washington Post*, is the spinner of three bestselling yarns, and the fourth – still unfinished – has just been snapped up by Hollywood for a reported $1.1m.

That may be the real moral: superstar earnings and workaday journalism are an uneasy mix. But that is more Newsweek's problem than Klein's.

Net matters

■ Watch out for an interesting test case which could soon emerge as to what you can and what you cannot print on the World Wide Web.

The story involves a Norwegian Jorn Lundstad who sold a vintage car – something called a 1921 Nash limousine – to a third party, who paid with two cheques, one of which was good, one of which bounced.

The car then found its way to auction house Sotheby's and was sold in March 1992. Lundstad subsequently wrote to Sotheby's indicating that he believed he was still the owner, and attempting to undo the sale.

He also contacted the police. Sotheby's says it wrote back expressing sympathy, but saying that it believed that since he had surrendered it voluntarily, all he had was a claim for a bad debt. The correspondence has rumbled on.

The auction house's sympathy rather evaporated when Observer rang yesterday to point out a recent web site set up by Lundstad – a spoof of the real Sotheby's site – in which he scurrilously alleges at length that the auction house is in the fencing business.

It invites users to fill in an on-line questionnaire or request an estimate – both processes which link into the real site.

Sotheby's, incensed, sees this as libel and breach of copyright and is threatening action. Lundstad meanwhile has gone on holiday – "must rest now", as he e-mailed Observer.

Still talking

■ Who would be an offshore banker in Cyprus? But a fear of being out of the loop presumably does not trouble the emphatic Borka Vucic. She arrives in London today as a leading member of Serbia's negotiating team for the London Club talks with representatives of some 380 commercial banks. The rump of Yugoslavia owes them more than a third of the former federation's $4.4bn debt.

Vucic set up Beogradska Banka's offshore unit in the days when Yugoslavia was still united. True, Beogradska's presence in Cyprus has shrunk from nearly 100 to fewer than 20 employees since the days when Serbian and Montenegrin companies used the island to get around UN sanctions.

But Vucic, who has 30 years of international banking experience behind her, is very much a force to be reckoned with.

For one thing, she has the ear of Serbian president Slobodan Milosevic to whom she taught the rudiments of banking when he worked for Beogradska – well before his political career took off.

Financial Times

50 years ago

World Wheat Prospects
Still another critical week has passed for wheat with no sign of a break in the stream of good crop news from all parts of the world. In the United States, harvesting of the winter crop is in full swing and weather conditions could not be better. In Argentina, temperatures are seasonably lower. Widespread frosts have been reported. These could do a great deal of good by checking any precocious growth caused by the rainfall and mild weather of previous weeks. Argentina has had two poor crops in succession and is due for a change of luck. Reports from Russia and the Balkans continue to speak of excellent results.

Currency Black Market
Paris, 25th July. On the foreign exchange market of Tangiers, the only free market within the French zone, foreign currency rates have continued their downward movement, whereas gold coins were steady and rather firm, according to the last report which reached Paris. On the black market of Paris, prices rallied after a sharp break registered at the middle of the month following the revaluation of the Canadian dollar and Swedish krona, but are still much below the peak reached by the end of January.

FINANCIAL TIMES
Friday July 26 1996

UK awards defence contracts worth $5.4bn

Missile deal paves way for BAe link with Matra

By Bernard Gray in London

British Aerospace and Matra of France yesterday won a £600m ($936m) contract to supply the UK Ministry of Defence with cruise missiles, in a deal which clears the way for the two companies to complete the merger of their missile divisions.

Such a merger would allow the two companies to proceed with their proposed bid for Thomson-CSF, the French defence electronics company which is due to be privatised shortly.

The award of the cruise missile contract, which only came after the personal intervention of the French president Jacques Chirac, who telephoned Mr John Major the UK prime minister to lobby for BAe-Matra on Tuesday, came as part of a £3.5bn ($5.4bn) arms procurement package by the British government.

The MoD also ordered replacement maritime patrol aircraft worth £1.8bn from BAe and anti-tank missiles worth £650m from the General Electric Company.

The contracts came after a battle between the MoD and the Treasury, which had wanted to postpone the orders because of concern about the level of public spending.

However, Mr Michael Portillo, the UK defence minister, finally won the day in a tense late-night cabinet office meeting on Wednesday.

BAe's contract to re-manufacture 21 Nimrod maritime patrol aircraft was agreed only after a last-minute deal which will see GEC get £200m of electronics work on the programme. GEC had been the main rival to BAe as part of a consortium with US aerospace giant Lockheed Martin.

To win the crucial cruise missile contract, BAe and Matra also had to cut their price to match low bids from US aerospace company McDonnell Douglas and a German-Swedish team, Daimler-Benz-Bofors.

GEC, winning the third contest to supply advanced anti-tank weapons, secured its position as Europe's leading manufacturer of missile target seekers. However, even this contract was also only awarded after a late re-think by the MoD, which had been going to order a weapon from Hunting Engineering.

The manoeuvring by Britain's defence giants to win contracts was criticised by smaller defence contractors and foreign companies. They said they were unhappy about the way the contracts were awarded, and said the last-minute deals flouted the spirit of the MoD's competitive tendering system.

Both Short Brothers of Belfast and Hunting Engineering, the two smaller UK missile makers, expressed strong disappointment at the way decisions had been made. Hunting believed it was selected for the anti-tank contract by the MoD's technical evaluation team, but that the decision was overturned after heavy lobbying from GEC.

A team from US aerospace company McDonnell Douglas left London yesterday after saying it felt the cruise missile contract had been unfairly steered in the direction of BAe. Bofors, the Swedish arms manufacturer, said it was clear political and industrial considerations had influenced the cruise missile deal.

Fidelity dials up a cheaper way to sell German shares

By Krishna Guha in London

Fidelity Brokerage, a subsidiary of the US fund management group, is to take advantage of a new European law to sell shares in German companies to German retail investors by telephone from the UK.

Fidelity believes it will be cheaper to operate from near London than Frankfurt because of lower telephone and employment costs in the UK. It would have been barred from setting up such an operation under German law before this year.

The implementation of the EU Investment Services Directive has allowed brokers to become "remote members" of exchanges in other countries. This has led some investment banks to concentrate share trading in London.

The move could stimulate further consolidation of trading in the UK if other retail brokers take advantage of lower costs. Fidelity is to hire 20 German-speaking brokers to operate from its European office in Tadworth near London.

German retail investors will be able to buy and sell shares in Frankfurt and seven other regional exchanges by dialling a free number. It will cost Fidelity 22p a minute, compared with 52p if the call was within Germany.

The ISD enables a company authorised by regulators in one member state to offer the same investment service in another. Germany is affected by the directive even though it has not yet been enacted by its parliament.

Fidelity will launch its service later this year. At first, it will trade on behalf of financial intermediaries, moving to contact retail customers directly by the end of the year. It will then compete directly with local banks.

"Who would have thought that there was new territory in Europe? But there is," said Mr Gerhard Huber, vice-president of Fidelity Brokerage. He said it would be the first foreign company to offer a domestic retail service from another EU country.

Fidelity is one of about 100 financial companies wanting to use the directive to operate in Germany, according to the German Federal Securities Supervisory Office. However, most others are expected to operate physically in the country.

The Frankfurt Stock Exchange said that it operated already as if the ISD was law. A spokesman said Fidelity was a remote member of the exchange, and so could offer services to German investors no matter where it was located.

Mr Huber said Fidelity aimed to take "fully fledged remote membership" of Frankfurt and other exchanges.

Fidelity will use the Boss Cube trading system, which can deal in all securities, in addition to the Ibis system, used by most remote members, which can only trade about 100 popular shares.

Hyundai to build South Korean steelworks

Continued from Page 1

completed by 2004, instead of 2000, to avoid disrupting the domestic steel market.

Government officials are also concerned about the impact the Hyundai project will have on Posco, the world's second-biggest steelmaker. The Hyundai project would deprive Posco of its biggest customer, while increased competition could threaten Posco's record of strong profits.

However, analysts yesterday said that Hyundai's revised programme would have no significant impact on Posco's performance for the next eight years.

Some analysts also questioned the wisdom of Hyundai building an expensive steel complex since Posco is one of the world's most efficient and cheapest steel producers.

In an attempt to dissuade Hyundai from proceeding with the project, Posco has embarked on a programme to expand its production capacity to 28m tonnes by 1998, which would make it the biggest steelmaker in the world.

Brussels bureaucrat censured for stepping out of line

By Neil Buckley and Lionel Barber in Brussels

Brussels bureaucrats are not known for stepping out of line. One who did dare to criticise the bureaucratic culture – describing the 10 signatures needed to approve a round trip to Geneva as "grotesque" – has been told not to stray again.

Mr Magnus Lemmel, a senior European Commission official from Sweden, incurred the wrath of his colleagues after giving a newspaper interview containing tough criticism of the body he joined a year ago.

Under the headline "Bureaucracy, fuss and waste" in the Swedish daily Dagens Politik, Mr Lemmel described life inside the Brussels executive as a "culture shock". He told of an institution beset by paperwork and wasteful duplication, lacking direction and in danger of stagnating.

On some days, the deputy director-general of the Commission's powerful industry section confessed he thought his job "rather mad".

His comments were discussed by the 20 European commissioners at a meeting this week and earned him an official reprimand from Mr Erkki Liikanen, commissioner responsible for personnel and administration.

A repeat of this "lack of proper judgment and loyalty" would not be tolerated, warned Mr Liikanen, a fellow Nordic from Finland.

Mr Lemmel, for six years managing director of the Federation of Swedish Industries, and a former executive at Ericsson, the Swedish electronics group, was a leading member of the "Yes" campaign in the Swedish referendum on joining the European Union.

But when he got to the Commission as one of Sweden's most senior appointees, his first impression was that "the Commission only ordered studies which in many cases ended up in desk drawers". He observed that the Commission's culture stifled initiative. "Not much is done here to make creativity blossom or to lure out the best among the employees," he said.

Mr Liikanen suggested Mr Lemmel should avoid making snap judgments about his new employer.

"Public denunciations by a senior official of his own administration will only weaken that official's standing in the eyes of his colleagues and complicate any future efforts to implement reforms," the Finnish commissioner said.

Mr Lemmel is not the first Nordic newcomer to get his knuckles rapped for outspoken views. Last year, Mrs Ritt Bjerregaard, the Danish environment commissioner, was censured for publishing a critical diary on her first six months inside the Brussels executive.

THE LEX COLUMN

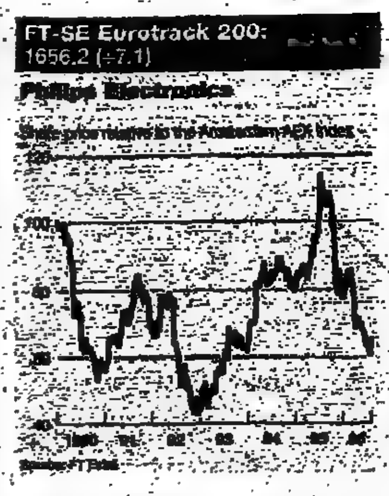
Filleting Philips

To see Europe's competitiveness problem in a nutshell, look no further than Philips' latest restructuring plan: 8,000 jobs are to be shed; up to 2,000 are to be created in low-cost economies elsewhere. But sadly, even this tough-minded hatchet-wielding will not go far to transform the company's performance. Philips expects the Fl 800m restructuring charge to pay for itself within two years, implying an ongoing Fl 400m reduction in costs – modest in the context of a consumer products business which has to live with annual price falls of around 5 per cent, equivalent to Fl 1.3bn or so in lost turnover. With the business having to run so hard to stand still, this restructuring is unlikely to be the last.

Even so, there is plenty to tempt the long-term investor. On fundamentals, the shares look nonsensically cheap. Strip out Philips' holding in PolyGram, and they are trading at less than four times this year's not-very-impressive expected earnings. True, few would put money on much of a recovery in consumer products. But Philips' lighting business deserves a respectable rating. So does the semiconductor side: inevitably this has been hit by the sharp downturn in chip prices, but far less than most.

The snag is that all this has long been true, but it has not stopped the shares underperforming the Dutch market by 21 per cent since the start of the year. And by making implausibly bullish noises about the second half's prospects, the company has created plenty of scope for further disappointment. There will come a time *to* buy these shares, but it is difficult to believe this is it.

FT-SE Eurotrack 200: 1656.2 (+7.1)



Food and drink

The time is ripe for the world's food and drinks industries to consolidate. The growing power of retailers has squeezed manufacturers' margins over the past five years. Meanwhile, sales growth in developed markets has proved elusive. Given the fragmentation of both industries, takeovers could eliminate duplication in production, distribution, marketing and head office costs.

The recently leaked document on a possible takeover of Grand Metropolitan by Guinness shows that investment bankers are alive to the opportunities. The snag is that while cost savings are big – combining any two of the world's four largest spirits companies could produce $200m-$400m a year – they are in most cases insufficient to justify hostile bid premiums. Bidders have lived to regret overpaying for acquisitions in the sector; remember Nestlé's takeover of Perrier and Tomkins' purchase of Ranks Hovis McDougall. There is also something to be said for leaving weaklings like Allied Domecq or United Biscuits to flounder. And while "mergers of equals" would overcome the problem of overpaying, few managements feel under sufficient pressure to consider them.

This does not mean the industries will stand still. There is an ongoing process of streamlining, with companies like Unilever and Reckitt & Colman aiming to become brand leaders in specific product lines or sell out. More distribution and marketing alliances – on the lines of Rémy Cointreau's link-up with Grand Metropolitan in Singapore – are also likely. Add in the odd hostile bid and corporate activity promises to be lively.

ICI

Imperial Chemical Industries needs pre-tax profits of £900m to cover its cost of capital. Judging by yesterday's weak second quarter results, it is unlikely to earn that in any of the next three years. Analysts forecast profits of £650m to £700m for this year and around £800m each for 1997 and 1998. Despite all the restructuring of the past five years, ICI has yet to demonstrate that it can earn a positive return over the chemicals cycle.

The group's response, to accelerate its £400m efficiency programme, is only a partial remedy. It is heartening that ICI sees huge scope for further cost-cutting and has only just started tackling its bloated supply chain and inefficient factories. But ICI's rivals are taking similar measures, so a large part of the promised efficiency savings will be competed away. In the first half, savings of £70m evaporated in the face of more competitive

The real solution is to reba portfolio, reducing exposure t bulk chemicals like ethylene rine and expanding in dow activities such as paints and a This is on the management's a but there has been little progr disposals since the flotation of E 1994. Instead, ICI, in common with rest of the industry, is pouring furth investment into growth areas, thereb turning them into commodities. The prime example is polyester for clothes and plastic bottles, where massive capacity expansion has slaughtered prices and profits. At ICI's current levels of return, shareholders would be better off if it handed money back t them.

UK logistics

Combining Hays and Christian Salv esen into a near-£3bn logistics group would make a lot of sense. Hays has been the one bright star in a sector decimated by margin pressure increasingly powerful customers and rising competition. Its earnings per share have grown by nearly 20 per cent a year since 1991, while Salvesen's have hardly budged. Given the similarities in their business mix, it stands to reason that much of the difference is due to Hays' superior management.

But unlike Granada's bid for Forte and Rentokil's takeover of BET, management would be second to commercial logic in this deal. Cutting out duplication, centralising purchasing and closing one headquarters should save upwards of £20m very quickly. Beyond that, the enlarged group would be number one in European distribution and in a strong position to win cross-border contracts from multinationals. The acquisition would also broaden Hays' geographical coverage from Germany and France into Belgium and the Netherlands. Meanwhile, Salvesen's Aggreko rental business would fit neatly with Hays' Rentacrate operations – both serve similar industrial customers.

Following yesterday's 21 per cent jump to 349p in Salvesen's share price, Hays may have to pay 400p to secure a recommendation, on which it is very keen. That would value Salvesen at £1.2bn against £1.75n for Hays. Ideally, Hays would finance a purchase with a large chunk of debt – meaning earnings per share could be enhanced at such a price. But given the high rating of Hays shares and assuming rapid delivery of the initial cost savings, earnings should not be diluted even with an all-share deal.

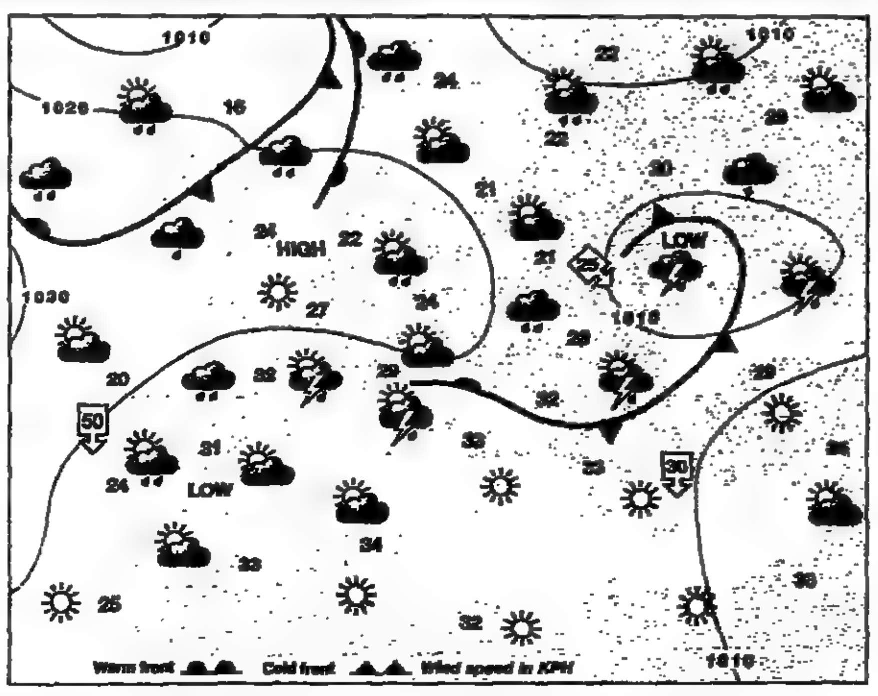
FT WEATHER GUIDE

Europe today

Much of western Europe, including Belgium, the Netherlands and most of northern France, will be sunny. Southern France will have a few thunder storms and associated cloud will spread eastwards along the coast. A cluster of showers will develop in northern Spain and in parts of Portugal where a strong northerly wind will bring cool air inland, holding the temperature below 25C in Lisbon. Italy will be warm and humid. Cooler air will move through the Balkans but Greece and Turkey will remain warm and dry with ample sunshine. In the British Isles a weak front will move into Wales and northern England producing drizzle in places.

Five-day forecast

Showers and thunder storms will be centred over southern France during the weekend. There could be downpours from the Pyrenees to the Alps, especially on Sunday. Rain will push into England as part of a frontal system coming in from the Atlantic. A humid air mass with temperatures of 30C to 35C heat will persist in Italy, and this sultry air will also move into the Balkans. Dry and mainly sunny conditions will return to central Europe during the weekend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	fair	32	Caracas	cloudy	29	Faro	sun	28	Madrid	fair	31	Rangoon	thund	30
	Celsius		Belfast	shower	18	Cardiff	fair	23	Frankfurt	fair	26	Majorca	fair	34	Reykjavik	fair	13
Abu Dhabi	sun	41	Belgrade	fair	24	Casablanca	fair	25	Geneva	sun	29	Malta	sun	32	Rio	fair	25
Accra	fair	28	Berlin	fair	22	Chicago	fair	26	Gibraltar	sun	28	Manchester	drzzl	21	Rome	sun	33
Algiers	sun	34	Bermuda	fair	28	Cologne	fair	23	Glasgow	fair	19	Manila	thund	26	S. Frsco	sun	23
Amsterdam	fair	22	Bogota	cloudy	20	Dakar	fair	31	Hamburg	fair	22	Melbourne	rain	13	Seoul	thund	32
Athens	sun	33	Bombay	thund	31	Dallas	thund	35	Helsinki	fair	22	Mexico City	fair	21	Singapore	cloudy	32
Atlanta	fair	32	Brussels	sun	23	Delhi	fair	34	Hong Kong	thund	30	Miami	fair	33	Stockholm	sun	24
B. Aires	cloudy	13	Budapest	cloudy	24	Dubai	sun	42	Honolulu	fair	31	Milan	sun	29	Strasbourg	sun	26
B.ham	drzzl	24	C.hagen	fair	22	Dublin	cloudy	19	Istanbul	fair	28	Montreal	fair	26	Sydney	cloudy	19
Bangkok	thund	33	Cairo	sun	33	Dubrovnik	sun	28	Jakarta	fair	32	Moscow	shower	22	Tangier	fair	28
Barcelona	fair	29	Cape Town	shower	17	Edinburgh	fair	21	Jersey	sun	22	Munich	shower	24	Tel Aviv	fair	33
									Karachi	fair	35	Nairobi	fair	23	Tokyo	fair	30
									Kuwait	sun	44	Naples	sun	33	Toronto	shower	24
									L. Angeles	sun	24	Nassau	fair	33	Vancouver	sun	26
									Las Palmas	fair	27	New York	thund	29	Venice	sun	[illegible]
									Lima	cloudy	17	Nice	sun	28	Vienna	drzzl	24
									Lisbon	fair	24	Nicosia	sun	35	Warsaw	cloudy	23
									London	fair	26	Oslo	fair	25	Washington	fair	31
									Lux.bourg	fair	23	Paris	sun	27	Wellington	rain	10
									Lyon	fair	29	Perth	shower	19	Winnipeg	shower	23
									Madeira	fair	24	Prague	drzzl	22	Zurich	fair	25

FINANCIAL TIMES
COMPANIES & MARKETS
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Friday July 26 1996

IN BRIEF

Commerzbank lifts earnings by 48%

Commerzbank, Germany's third biggest commercial bank, reported *a 48 per cent jump in first-half operating profits* after risk provisions to DM1.32bn ($887m). With no extraordinary items, the pre-tax *profit figure was the same as the operating result* and 60 per cent higher than the comparable pre-tax 1995 profit. The bank promised continued rapid growth this year, *in spite of a difficult market.* Page 22

Theme parks and films aid Disney rise
Walt Disney, the US entertainment group, reported a 25 per cent rise to $406m in net income for the third quarter, and gave the credit to its theme parks and "impressive" box office performances from its films *The Rock* and *The Hunchback of Notre Dame.* Page 20

Boeing rebounds to $468m in second term
Tax credits and income from the settlement of contract *disputes lifted second-quarter net income* at Boeing to $468m after a $231m deficit in the comparable part of 1995. Page 20

San Miguel drops 28% in first half
San Miguel, the Philippines' largest brewery group, blamed a 28 per cent the drop in its first-half net profits to 1.97bn pesos ($75m) on stagnant rural sales and higher raw material prices. Page 20

CFF shares suspended amid rescue talks
Shares in Crédit Foncier de France, the troubled property bank, were suspended amid growing speculation that the state-controlled *Caisse des Dépôts* et des Consignations would launch a takeover bid to save it from collapse. Page 22

SAP meets expectations at DM374m
SAP, the German business software group, posted a 60.5 per cent rise in pre-tax profits to DM374m ($251m) in the first six months and said it was on course for a sharp improvement for the full year. Page 22

Somerfield expected to cut offer price
Somerfield, the UK's fifth biggest supermarket chain, is expected this morning to confirm that it will cut its flotation offer price at the last minute from 160p to 145p a share. Page 23

Lloyds TSB to set date for decision on chief
Lloyds TSB Group will today attempt to address uncertainty over who will succeed Sir Brian Pitman, its 64-year-old chief executive, by disclosing along with its interim results the date on which it intends to announce a decision. Mr Peter Ellwood, former chief executive of TSB Group which merged with Lloyds last year, is favourite. Page 23

Bangkok index sinks to 33-month low
Bangkok's SET index slid 25.02, or 2.2 per cent, to a 33-month *low of 1,118.96 as the Bank of Thailand* revised down expected gross domestic product growth for the year, revised the expected current account deficit upwards and lifted its inflation forecast from 4.9 to 5.5 per cent. Page 36

Companies in this issue

Market Statistics
https://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Allianz	2532	+	40
Lahmeyer	545	+	10
Wella	784	+	11.5
Falls			
CKAG Col pf	880	−	10
Holzmann	375	−	8
Varta	301	−	13
NEW YORK ($)			
Rises			
IBM	101⅞	+	10⅝
Seagate Tech	43¾	+	3⅝
Western Dgtl	38⅝	+	2⅞
Falls			
Brwng Ferris	29	−	2
Kennametal	29½	−	1⅞
McKesson CP	39½	−	[illegible]
LONDON (Pence)			
Rises			
Admiral	255	+	30
Cairn Energy	318	+	37
Salvesen (C)	349	+	60
Tced	91	+	13
Falls			
Reuters	686	−	17
Wickhime Rnk	608	−	145
TORONTO (C$)			
Rises			
Cognos	30.0	+	4.0
Corel Corp	12.55	+	1.15
Hummingbird	37.0	+	2.5
Falls			
Battle Mtn	11.5	−	5.5
Ensign Res	9.8	−	0.7
St Laurent	18.75	−	0.75
PARIS (FFr)			
Rises			
Accor	684	+	10
Bongrain	2430	+	175
CSF	1185	+	45
Dolo de Fnce	1270	+	48
Unibail	521	+	13
Falls			
Skis Rossignol	1985	−	34
TOKYO (Yen)			
Rises			
Furukawa Elc	528	+	30
IHI	522	+	21
Kanebo	703	+	22
Tobishima	425	+	23
Yuasa Corp	591	+	35
Falls			
Skylark	1980	−	110
[illegible]			
Rises			
ABC Com Hold	2.35	+	0.10
Best Wide Grp	0.6	+	0.15
Oriental Press	4.095	+	0.22
Falls			
China Strtgc	2.325	−	0.12
Oxford Prop	17.25	−	0.55
YGM Trading	9.2	−	0.5
BANGKOK (Baht)			
Rises			
Bijoux Dsmnd	80.0	+	8.0
Christiani	15.25	+	1.0
Six Group	14.25	+	1.25
Falls			
Finance One	110.0	−	7.0
Goodyear	344.0	−	36.0
Precious Ship	78.5	−	6.5

New York and Toronto prices at 12.30pm.

Optimistic IBM exceeds forecasts

Shares in world's largest computer group rise 10% as it shrugs off 'tough' second quarter

By Paul Taylor in London

International Business Machines yesterday became the third US *high technology group this week* after Microsoft and Compaq Computer to report better than expected results, raising hopes of an early recovery in technology shares.

Shares in IBM gained 10 per cent to $100⅞ after the world's largest computer group reported *second-quarter net earnings of* $1.3bn, or $2.51 a share, compared with $1.7bn, or $2.97, a year ago.

Revenues rose 4 per cent to $18.2bn and the gross profit margin slipped slightly to 39.5 per cent from 43.5 per cent.

Analysts, who had expected around $2.44 a share, were also buoyed by the optimistic comments of Mr Louis Gerstner, *IBM's chairman and chief executive.*

Mr Gerstner said the second *quarter had been "a tough quarter as we expected"*. However he noted that the results were *largely affected by short-term factors* including the sharp drop in semiconductor memory prices *and currency movements.*

"What really gives us a sense of optimism are the many manifestations in the second quarter that our long-term strategies are working," he said.

In particular Mr Gerstner drew attention to the "excellent" results from the group's computer server hardware businesses and strong demand for its mainframe products.

Overall hardware sales dipped 1 per cent to $8.6bn but personal *computer sales increased in all* market segments. "This was the second quarter in a row of solid performance by our PC company," Mr Gerstner said.

He said IBM had continued to make significant progress in services and software. IBM's services revenues grew 23 per cent boosted by nearly $4bn of new contracts signed in the quarter. He added that the results from the group's recent Tivoli Systems acquisition had been "outstanding".

Software revenues grew 4 per cent to $3.2bn boosted by a near *doubling of second-quarter shipments* of Lotus Notes, IBM's co-operative "groupware" product acquired nearly a year ago as part of the Lotus Development acquisition. Since the acquisition the number of Notes "seats" has increased from 2.2m to 6.3m.

Mr Gerstner was also "delighted" with the group's *improved revenues from North* America and Asia-Pacific. However, like Compaq which announced solid second-quarter figures on Wednesday, IBM noted that Europe remained sluggish.

In dollar terms, revenues from North America rose 11 per cent to $7.8bn while those from Europe, the *Middle East* and Africa fell 2 per cent to $6bn. Asia-Pacific revenues were flat at *$3.6bn*, while revenues from Latin America grew 6 per cent to $786m.

Excluding currency effects, Asia-Pacific revenues grew 19 per cent, Latin American revenues rose 8 per cent while European revenues edged ahead by 2 per cent.

German print press group in bid move

By Michael Lindemann in Bonn

Heidelberger Druckmaschinen, *the world's leading* maker of printing presses, yesterday said it would take over Linotype-Hell, the German maker of pre-press equipment which has seen its share price tumble recently following a run of losses.

Heidelberger, which this week reported a 25 per cent rise in 1995 net profits to DM268m ($179m), said the Linotype purchase meant it could now offer a full range of printing equipment from pre-press scanners through to some of the world's largest printing presses.

Linotype shares were suspended this week following speculation about changes in the company's ownership but are expected to begin trading again today in Frankfurt and Düsseldorf. Linotype's board has agreed to the Heidelberger takeover.

In an initial step, about 8,000 Linotype shareholders – who hold just under 50 per cent of the company – will be offered DM95 for their shares, a DM29 premium over the price at which the shares were suspended on Wednesday.

The offer is valid if, by the time it closes on September 13, at least half of the shares held by private investors has been bought up, said Commerzbank, which is managing the deal.

Heidelberger will also take over a 50 per cent plus one share stake owned by Siemens, the electronics and engineering conglomerate, and Frega Vermögensverwaltung, an investment company in which Commerzbank holds a 40 per cent stake.

Neither Commerzbank nor Heidelberger would last night comment on the cost of the Linotype purchase. However, Heidelberger is expected to spend about DM114m if it buys back all of the 1.2m shares held by Linotype's private investors.

Heidelberger said the Linotype purchase would give it access to *important expertise needed to* make the break into digital printing which is replacing the *more traditional mechanical* methods. However, it remained unclear how much of Linotype *would survive as a result of the takeover.*

Linotype employs about 3,250 worldwide *including a large* manufacturing site in the northern German city of Kiel employing about 1,500.

Heidelberger refused to comment on how it would restructure Linotype.

Sidestep from Otis unveils the lateral lift

By Peter Marsh in London

The lift that goes up, down – and sideways – was unveiled yesterday by Otis of the US, the world's largest lift company.

It has designed a system that allows carriages to travel up and down in the same shaft, stepping out of each other's way under computer control, in a lift version of a multi-lane road network.

The capsules will also be able to travel sideways for long distances, fulfilling the architect's dream of integrating vertical and lateral "people movers".

The system is "a major leap *forward" in lift design,* according to Mr Eugene Kohn, president of Kohn Pedersen Fox Asso*ciates, a New York architectural* firm designing the world's tallest building, the 460-metre Shanghai *World Financial Centre.*

The use of lateral movement to permit cars to dodge each other should halve the number of lift hoists in tall buildings, Otis said.

By cutting out this "dead" space, which in some tall structures consumes up to a fifth of the volume, developers should be able to get "millions of dollars" more in rents for each building, giving them greater incentives to build skywards.

"Architects are now free to to proceed immediately with buildings in the 600- to 1,000-metre range and beyond," said Mr Jean-Pierre van Rooy, Otis president.

Otis, part of the United Technologies industrial conglomerate, has annual revenues of about $5bn and claims a quarter of the annual worldwide lift business.

According to Otis, the use of lateral movement solves the main bugbear of lift designers – how to put more than one car in a shaft without delaying journeys.

The technology behind the system has been designed by Otis at a cost of several million dollars. The company is fitting out a test rig at its Connecticut headquarters which members of the public will be able to try out from next year.

The system is geared expressly to tall buildings due for construction in the mushrooming cities of east Asia early next century. It should be ready for commercialisation by about 1998.

Ross Tieman on Dieter Bock's progress in unravelling Lonrho

When breaking up is hard to do

When you're unpicking a corporate empire, you start with the easy bits. But in the case of Lonrho, the trading conglomerate assembled by Mr Tiny Rowland, even the simplest project takes longer than expected.

Nonetheless, Mr Dieter Bock, the hard-driving German property dealer who took charge at Lonrho after ousting Mr Rowland last year, is on course to float the company's Princess Metropole hotel operations for £650m-£750m. A prospectus is expected during the first week of September.

The sale is the first of two main moves by Mr Bock to realise shareholder value from Lon*rho's extraordinary collection of* assets by the year end. It is to be followed – circumstances permit*ting – by the flotation of the* trading interests, in the UK and Africa, leaving Lonrho as a min*ing company with a pile of cash.*

Mr Bock's sense of urgency is palpable. Hotels are commanding *a good price thanks to rising* occupancy rates. He wants to get the deal done before a UK general election blights the market's appetite for new equity.

He also needs the receipts to plug what advisers describe as a £500m ($780m) "hole" in Lonrho's balance sheet. A combination of heavy financing costs and dividend payments to partner investors in many African subsidiaries left Lonrho with a net cash outflow of £59m last year.

Receipts from the hotel sale are expected to repay Lonrho's borrowings, which reached £578m in the first half, restoring the company to a cash-positive position.

Lonrho shareholders are expected to get special purchase rights over shares in Princess Metropole hotels, although it is not clear in what form.

Princess Metropole will own 15 conference and resort hotels in the UK, the Caribbean, Mexico, California and Arizona, and hold a contract to manage Lonrho's six African hotels and four lodges, which will be owned by the trading business.

The hotels will be run by Mr Martin Bolland. Mr Peter Harper, a Lonrho non-executive director better known to the City *for his* work at the Hanson conglomerate, will be chairman.

While Warburg handles the hotel sale, Lonrho's advisers, Deutsche Morgan Grenfell and HSBC James Capel, have to put a value on the rest of the business. It is not an easy task.

The list of principal group companies covers four pages of the Lonrho accounts. According to one adviser: "Tiny was a collector. He bought things because they were cheap, but he never sold anything."

Mr Bock has already broken that pattern, ending Lonrho's links with the Observer newspaper and the distribution of Volkswagen cars in Britain, among others.

The African activities of Lonrho, the continent's biggest UK investor, stretch from South Africa to Kenya in the east and Nigeria in the west. They range from agriculture, through food processing, to the distribution of farm equipment and cars, and the *assembly of buses.*

The African business will also own Lonrho's curious portfolio of *UK companies. Dutton-Forshaw* and Jack Barclay, the motor distributors, may ultimately be *spun off separately.* Mr Bock has received approaches to buy them but has concluded better prices can be achieved *later.*

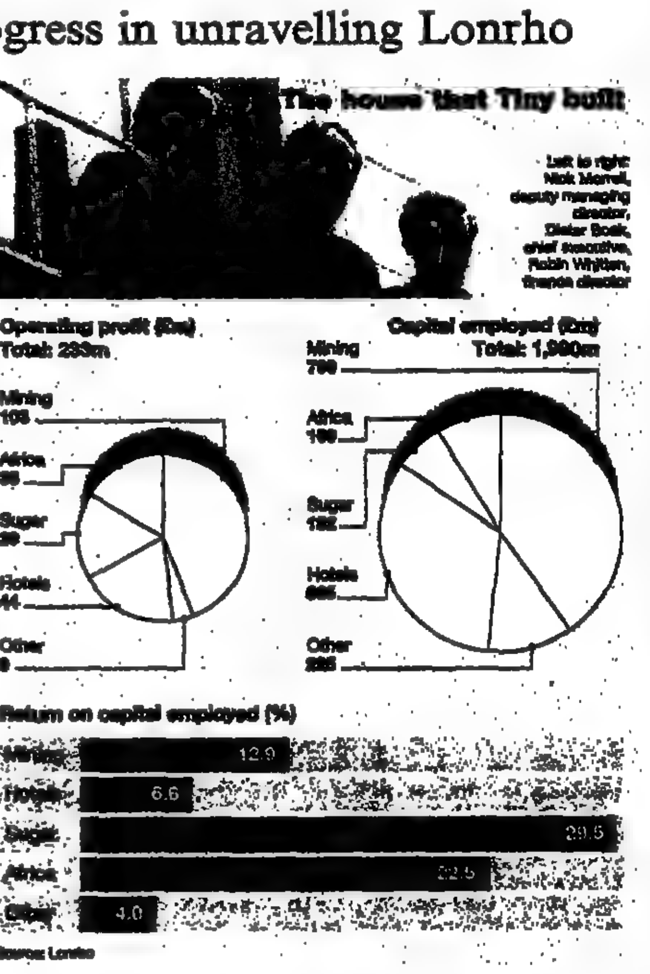
It is an entrepreneur's collection of businesses, and it will take an entrepreneur to realise their full value. Mr Bock has chosen himself for this role.

Mr Bock owns 18 per cent of Lonrho. He has given Anglo-American, the mining group that is South Africa's biggest company, the right to acquire his shares at 220p each. He, in turn, has the right to sell Anglo the shares for 180p. He now aims to realise his paper profits, repay £90m of personal borrowings and reinvest part of the proceeds to acquire a stake of 20-25 per cent in the trading business.

Exercising this option would lift Anglo's Lonrho stake to around 28 per cent. This serves a dual purpose. In the short term, it is likely to deter any opportunistic bidder from moving on Lonrho before Mr Bock can convert the underlying value into a higher share price.

Looking further ahead, it holds the promise that Lonrho, once reduced to its core as a medium-sized mining company, *may be* able to prosper in the shadow of a protector.

The question that most intrigues investors is what will become of the cash from the Afri*can trading float.*



According to Mr Martin Bomford, analyst at UBS, flotation of the African trading operations could, depending upon the state of the market, inject some £550m of cash into a mining company already relieved of borrowings by the hotel float. This injection equates to around 75p a share.

Small investors still own half of Lonrho's equity. Many of them would like this cash in their pockets. But Lonrho's advisers have apparently concluded that neither a special dividend nor a share buy-back would be practical because of the tax penalties *they would incur.*

In that case, the only way to benefit investors is through a rise in the share price. *At 153p, that is* still languishing well below Mr Bomford's break-up value of 202p a share.

Mr Bock has already shown his willingness to sell out at 220p. *Getting a comparable price for* the rest of his shareholders may prove his most difficult challenge of all.

Hays paves way for offer for Christian Salvesen

By Geoff Dyer in London

Hays, the UK business services company, said yesterday it *wanted to acquire rival Christian* Salvesen in a deal which could be worth more than £1bn ($1.5bn).

The move could herald the first large step towards the consolidation of the European logistics industry – the warehousing and distribution of goods – which grew rapidly in the 1980s but has suffered from falling profits in recent years because of stiff competition.

Mr Ronnie Frost, chairman of Hays, said a deal, which would catapult Hays into the FTSE-100 index of companies, would make it the biggest logistics company in *Europe.* "If anyone wants to put distribution business out to tender, we would be number one in the queue."

Hays said it hoped the Salvesen board would recommend any offer it made, although Mr Frost said he would consider making a hostile bid.

The Salvesen family controls between 35 and 40 per cent of the *shares.*

Salvesen said its board would meet in the middle of next week *to consider the Hays approach,* which it received this week. Dr Chris Masters, the group's chief executive, is away on holiday.

The announcement, which was prompted by the intervention of the Takeover Panel, the UK regulator, prompted shares in Salvesen to rise 60p to 349p, giving it a market capitalisation of £1.01bn. Shares in Hays fell 26p to 414p, valuing it at £1.8bn.

Speculation that a takeover of Salvesen might prompt further bids in the sector led shares in Transport Development Group to rise 15p to 217p and shares in Tibbett & Britten to close 25p higher at 615p.

NFC, the largest logistics *group, saw its shares rise 4p to* 196p on hopes that consolidation would lead to an improvement in rates.

Logistics was one of the fastest growing sectors of the 1980s after companies *such as* NFC, the former National Freight Corporation, pioneered the provision of third-party distribution and warehousing of goods.

However, although the outsourcing of distribution has grown, many logistics companies have *seen profits drop in recent years* due to the entry of competitors and pressure on margins.

Salvesen, *which* reported a drop in pre-tax profits before exceptionals last year to £75.6m from £77.7m, has disappointed shareholders in recent years, underperforming the market by more than 50 per cent since 1992.

As well as distribution, the group has a specialist plant hire business, Aggreko, and a small food processing division, which Hays said it would sell.

Hays has built up a reputation as one of the premium stocks in the support services sector. Pre-tax profits in the six months to December 31 rose 20 per cent to £60.8m.

Mr Frost said that any bid for Salvesen would involve a mix*ture of shares and* cash.

San Miguel net profits drop 28% at six months

By Edward Luce in Manila

San Miguel, the Philippines' largest brewery group, yesterday blamed the steep drop in net profits in the first six months on stagnant rural incomes and higher raw material prices.

After stripping out non-recurring gains, San Miguel's net earnings slid by 28 per cent to 1.97bn pesos ($75m) in the first half of 1996, while net revenues grew by 11 per cent to 41.9bn pesos.

The group's B shares closed down 1 per cent yesterday at 79 pesos. Analysts said that San Miguel's poor results had been heavily discounted in the past four months.

"What San Miguel is hoping for is a recovery in the agricultural sector, which will lower raw material prices and boost disposable incomes," said Mr Alex Pomento, chief researcher at ING Barings in Manila. "If that happens in the second half it could – on the best scenario – post flat profits for the year as a whole."

San Miguel executives say the group's overseas expansion – which includes establishing breweries in Indonesia, China, Vietnam and, at a later stage, India – is expected to bring in positive earnings by around 1998, when the company's 40bn peso overseas acquisition drive reaches maturity. The company is also hoping to boost rural consumption in the Philippines.

Analysts, however, say that at 20 litres a head, the Philippines is already the second largest beer consumer in Asia. San Miguel's commanding 80 per cent share of the domestic beer market – down from 85 per cent in 1994 – can at best be maintained, but will probably be diluted further.

More positively, brokers pointed out that La Tondena, San Miguel's distillery subsidiary, saw a 15 per cent improvement in operating income to 488m pesos in the first half, while its mineral water division posted 43 per cent growth.

Net earnings at the group's pork, bottling and coconut subsidiaries all fell substantially, because of the downturn in the agricultural sector.

Film successes help Disney post 25% rise

By Christopher Parkes in Los Angeles

Walt Disney yesterday reported a 25 per cent increase to $406m in net income for the third quarter, and gave the credit to its theme parks and "impressive" box office performances from *The Rock* and *The Hunchback of Notre Dame*.

Earnings per share were up 26 per cent at 59 cents, matching Wall Street expectations, and revenues rose 12 per cent to $16bn on a like-for-like basis. Data were adjusted to allow for the merger with Capital Cities/ABC, formally completed on February 9 this year.

Mr Michael Eisner, group chairman and chief executive, commenting on the first full quarter in which Disney and Capital Cities reported as a combined group, said he was pleased with the results and "the smoothness of the transition" so far.

However, as yesterday's statement noted, advertising revenues at the ABC network fell because of "continuing ratings deterioration". Despite the official upbeat remarks on summer film releases – most of which opened after the reporting period ended – signs of weakness in live action production persisted.

The group's Creative Content division, with operating income up 13 per cent at $297m on revenues ahead 24 per cent at $2.3bn, had benefited from successful home video launches and growth in consumer products, which includes the Disney Store retail chain. This was "partially offset by lower live action film performance in the domestic market".

Disney, which earlier this year wrote off some $60m against scrapped live action film projects, is reorganising these operations and plans to halve output to about 20 films a year. The impact showed up in nine-month data which indicated a 7 per cent drop in Creative Content's operating earnings to $1.2bn on revenues 17 per cent higher at $7.8bn.

Similarly, the difficulties at ABC, which is currently being squeezed by NBC's monopoly over Olympic games coverage, are believed to occupy much of Mr Eisner's time.

Despite ABC's troubles, broadcasting operating income rose 19 per cent to $309m in the quarter, and 7 per cent to $836m for nine months. Disney said the improvement was helped "significantly" by reduced programme amortisations and other costs related to the ABC acquisition, and rising advertising and syndication revenues from the group's successful ESPN sports television interests.

Operating earnings from theme parks were bolstered by record attendances and increased guest spending in California and Florida, and rose 14 per cent in the quarter to $350m.

Michael Eisner: pleased with the consolidated group results

US networks aim for customer loyalty

Television remains the best way to reach the mass public, writes Richard Waters

Faced only with the following facts, why would anyone pick this moment to invest in US broadcast television?

The Big Three networks (ABC, CBS and NBC) lost 8 per cent of their combined prime-time audience in the season that has just ended. On the average evening between last September and the end of May, about 2.5m fewer American homes tuned in than had the year before. Just 53 per cent of viewers at any one time are likely to be watching one of the three networks, compared with 61 per cent two years ago, according to Nielsen Media Research.

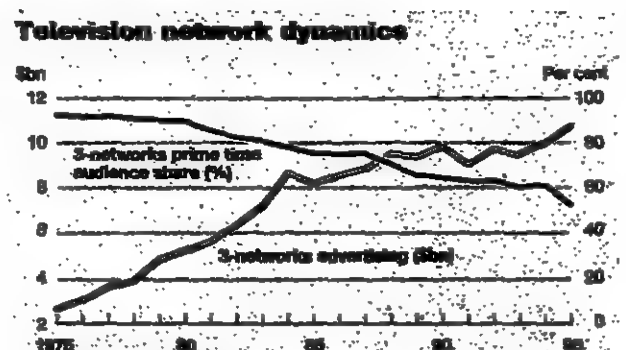
Yet even with these sobering statistics, broadcast television assets remain among the most sought after in the US media industry.

Last week, Mr Rupert Murdoch agreed to pay $2.5bn for 80 per cent of New World, which owns 10 television stations that were already affiliated to his Fox television network.

There are certainly good defensive reasons to buy TV stations.

Two years ago, when Mr Murdoch took his first 20 per cent stake in New World and signed up its stations as Fox affiliates, he set off a scramble among networks to protect and develop their distribution systems. (In addition to the well-established Fox, two others – WB and UPN – have set out to build a national network.)

Television network dynamics



Source: Veronis, Suhler & Associates, Wilkofsky Gruen Associates, AC Nielsen, McCann-Erickson

It is possible, of course, to secure a station's loyalty without buying it, through long-term affiliation. But ownership gives a network much greater control over a station's non-network programming, providing a stronger platform from which to launch new programmes, says Mr Gary Farber, an analyst at NatWest Securities.

That should leave Fox better positioned to grow. With New World, the stations owned by Fox will cover about 35 per cent of the nation's homes, in line with the new, higher limit established in this year's Telecommunications Act.

Such changes have meant networks must pay larger annual fees to keep the loyalty of their affiliated stations. (Shortly before being taken over by Disney, for instance, ABC predicted that its fees to affiliates would jump by a half, or $50m, during 1995.) If more of the profits are shifting from the networks to the companies that can assure their distribution, it may make sense to buy them outright.

There are other considerations that may help explain Mr Murdoch's interest in New World. One is its cash flow; New World already churns out $200m a year in cash – not inconsequential at a time of international expansion for News Corp, whose total operating cash flow amounted to only $333m in the first nine months of its financial year.

Fox executives believe they can double that by running the stations more efficiently. In an industry where operating cash can top 50 per cent of revenues, observers say that should easily be within Fox's reach.

That is all very well; but if television's traditional audiences are turning to cable channels or the Internet, why buy broadcast TV stations?

The first answer is a matter of faith: that the networks, after two years of lamentable, copycat programming in a desperate fight for the young audience that is attractive to advertisers, will make a better job of things in future.

CBS, which was particularly scared by others' success in drawing the youth audience, has seen its share of the prime time audience tumble from 23 per cent in the 1993-94 season to 16 per cent in the 1995-96 season.

"They disenfranchised their older audiences," says Mr Gene Jankowski, a managing director at Veronis, Suhler, a media consultancy company. But the networks have learnt their lesson. This autumn's new season has enough variety of programming and newly enlisted big-name stars to bring much of the lost audience back, says Ms Betsy Frank, an executive vice-president at Zenith, the media-buying arm of Cordiant in the US.

The second argument is one of economics. In spite of the alarming audience drop, they were able to raise their rates to advertisers by 5-10 per cent for the 1996-97 season, and have already sold 80 per cent of the time available, says Ms Frank.

"Clients ask me all the time: how can the networks be losing share and still be asking for more?" she says. "[Their customers] can't put up their prices 5 per cent every year."

The answer is that the big networks still remain the best way to get to a mass public. The networks and their affiliates account for about 57 per cent of all advertising revenues in television, according to Veronis, Suhler.

Of that, about $11bn goes to the networks, while $18bn is generated directly by broadcast stations. (Those numbers, and the slightly higher growth rate in station advertising as opposed to network advertising in recent years, may also help explain why a network such as Fox would be interested in owning stations.)

"Although the networks' share has dropped, they are still the biggest game in town," says Procter & Gamble, the US consumer products group. "They reach the largest audience: they are still providing what nobody else can."

Putting up prices while delivering a less valuable product hardly seems a good way to build long-term customer loyalty. At least for the foreseeable future, however, it will do.

Extraordinaries lift Boeing to $468m

By Christopher Parkes

Tax credits and income from the settlement of contract disputes lifted second-quarter net income at Boeing to $468m after a $231m deficit in the comparable part of 1995.

The extraordinary items, worth 51 cents a share, raised the US aerospace group's earnings per share to $1.35, compared with a 68 cent loss, which stemmed from charges for restructuring and early retirement.

Revenues of $6.3bn were up 12.5 per cent on last year's $5.6bn, reflecting improvements in demand, which the company underscored yesterday with comments that order activity was "encouraging".

Earlier results from other aerospace concerns had come in ahead of expectations as both commercial and government demand for aircraft, components and defence equipment continued to improve.

Boeing, which is currently hiring workers for the first time in five years, said yesterday it had orders at the end of June for commercial aircraft worth $76bn, a 15 per cent improvement over bookings reported at the end of 1995.

Its forecasts of deliveries of new aircraft this year were unchanged at 215, worth $22bn, compared with last year's shipment value of $19.5bn.

Production is being increased, although the introduction of new engineering processes is believed to be slowing progress.

Monthly production rates are expected to rise to 26.5 aircraft by next summer compared with 22.5 now. Output of the 737 family, currently 10 a month, would increase to 17 a month by the turn of the year.

Operating margins have also been depressed this year to 10.6 per cent compared with 12 per cent in the first half of 1995.

Boeing said its "leadership team", set up to assess possibilities, was discussing the potential of a new family of large-capacity aircraft. It suggested that an alternative to a new-generation airliner would be to expand the passenger capacity and extend the range of the existing 747 family.

Scheduled R&D spending this year will total about $1.2bn, compared with $1.3bn in 1995.

NAB grows 3.8% to A$1.5bn mid-term

By Nikki Tait in Sydney

National Australia Bank, the biggest of the country's commercial banks, yesterday announced an after-tax profit of A$1.5bn (US$1.2bn) for the nine months to end-June, a 3.8 per cent increase on the A$1.45bn made in the same period of the previous year.

In the June quarter alone, NAB saw a post-tax profit of A$505m, compared with A$493m previously. However, earnings per share for both the quarter and the nine months were slightly down on the previous year – at 34.7 cents against 35.2 cents, and 104.1 cents against 104.3 cents, respectively.

Net interest income rose 12 per cent to A$3.78bn in the nine months. But there was a big increase in bad and doubtful debt provisions, lending weight to the view that Australian banks have seen the best of the cycle. The charge in the third quarter was A$102m, up from A$35m in the June 1995 quarter, and for the nine months, A$264m against A$121m.

However, underlying profit – before tax and provisions for doubtful debts – grew 11.3 per cent to A$2.55bn in the nine months. The cost-to-income ratio dipping to 54.6 per cent in the June quarter, against 56.2 per cent in the previous three months and 55.9 per cent in the June 1995 quarter.

The bank said that its core Australian operations had faced difficult conditions, with margins under pressure. For the nine months, Australian profits after tax were flat at A$1.02bn, and slightly lower at A$313m in the third quarter, against A$358m a year ago.

NEWS DIGEST

Dow Chemical upbeat on year

A 10 per cent fall in chemical prices pulled down Dow Chemical's operating profit 26 per cent in the second quarter, to $896m. Sales were 6 per cent lower at $5.2bn, while net earnings of $2.20 per share were 11 per cent down, after excluding prior year charges. However, Dow said it was on course for a good year. The inventory correction in the world chemicals industry was over, and prices were recovering in many key products. Growth in the US was stable, the Japanese economy was reviving and there were the first signs of an upturn in Europe.

Sales of performance chemicals were flat at $1.2bn, and profits were 8 per cent down at $237m. While specialty chemicals were strong, agrochemicals were affected by poor climatic conditions in North America. Sales of plastics were down 12 per cent at $966m, while profits were 52 per cent lower at $223m. Strong volume growth was more than offset by lower prices. *Tony Jackson, New York*

Tenneco ahead in second term

Tenneco, the US conglomerate which is shedding its energy and shipbuilding divisions and streamlining into a packaging and automotive equipment company, said second-quarter net income from continuing operations rose to $161m, or 93 cents a share, from $129m, or 72 cents, in the previous second quarter. Second-quarter revenues were $2.8bn, up from $2.2bn, while operating earnings rose 15 per cent to $363m.

Tenneco Packaging, which late last year acquired Mobil's plastics division, saw revenues rise 34 per cent to $916m while operating income rose to $150m, from $120m. Operating results from Tenneco Automotive rose to $104m from last year's $78m, on revenues of $780m, up from $661m. Recent acquisitions contributed to Automotive's strong performance in Europe.

For the first half, Tenneco had net income of $651m, or $1.83 a share, on $5.5bn in sales, up from $332m, or $1.83, on revenues of $4.4bn in the first six months of last year. The company carrying out a share repurchase programme, and has bought back $750m worth of its own stock since 1994.

Laurie Morse, Chicago

HK hotels group advances

Hongkong and Shanghai Hotels, the hotels and property company, yesterday reported a 37 per cent rise in net profits for the first six months of 1996, from HK$277m a year ago to HK$380m (US$49.1m). Attributable profit of HK$435m, which puts the group on course for meeting the consensus market forecast of HK$824m for the year, was boosted by a HK$55m gain from the sale of its stake in Cathay Pacific Catering Services.

Operating profits were up 31 per cent, from HK$402m to HK$525m. Hotel business was the main driving force behind the growth, with both room rates and occupancies rising.

The company's flagship luxury hotel, the Peninsula in Hong Kong, and its more modest sister, the Kowloon Hotel, both had a record half-year. The recently renovated and expanded Peninsula achieved an average daily room rate of HK$3,318 on average occupancy levels of 69 per cent.

Rates were also strong in the US, where the group has Peninsula hotels in New York and Beverly Hills. The group also reported firm performances on the property side. In Hong Kong the Peak Tower – one of the territory's landmarks – is scheduled to begin operations this year, offering a big shopping, eating and entertainment complex.

Earnings per share rose 37 per cent, from 25.7 cents to 35.2 cents, and the dividend is lifted from 8 cents to 15 cents.

Louise Lucas, Hong Kong

Canadian banks plan IT pool

Canadian Imperial Bank of Commerce and Bank of Nova Scotia, Canada's second and fourth biggest financial institutions, plan to pool a large part of their information technology functions, including computer centres, bank statement processing and telecommunications networks. The move follows a similar, although less ambitious, alliance between three other domestic banks, Royal Bank of Canada, Bank of Montreal and Toronto-Dominion Bank.

The partnerships are an attempt by the banks to realise economies of scale without resorting to full-scale mergers, which would be a delicate political issue. CIBC and Scotiabank, with combined assets of C$335bn (US$244bn) and about 70,000 employees, expect the alliance to cut about 15 per cent from joint operating expenses of C$650m a year.

The banks said the partnership would enable them to place higher priority on growing businesses, such as electronic banking, rather than cutting costs in declining areas, such as cheque processing. CIBC also announced the formation of a new company to provide processing services to financial institutions. *Bernard Simon, Toronto*

Alcan redefines Japan links

Alcan Aluminium is seeking a bigger role in the growing south-east Asia and China markets by restructuring its longstanding links with Japan's Nippon Light Metal and Toyo Aluminium. Alcan will retain its 47.4 per cent stake in NLM, Japan's biggest integrated aluminium producer, and sell its 48.8 per cent interest in Toyo to NLM for US$200m cash. Toyo is Japan's leading producer of foil and other products.

Alcan and NLM will then form a new company, 60 per cent-owned by Alcan and 40 per cent by NLM, which will become Alcan's vehicle for strategic investment in south-east Asia and China – excluding India where Alcan is already established. *Robert Gibbens, Montreal*

Falling prices hit Noranda

Noranda, the Canadian resources group, blamed lower copper, aluminium, woodpulp and paper prices for a halving in second-quarter earnings. Net earnings slid to C$66m (US$48m) or 27 cents a share, in the three months to June 30, from C$126m, or 55 cents, a year earlier. Revenues fell to C$2.32bn from C$2.55bn. Forest products suffered the biggest drop in operating earnings, sliding to C$13m from C$41m but oil and gas operations produced a modest profit of C$9m, compared with a C$6m loss. *Bernard Si[illegible]*

AIG income rises 14%

American International Group reported a 14 per cent advan[illegible] in net income in the second quarter, to $724m, as revenues climbed 7 per cent to nearly $7bn. The US insurer, which derives a large part of its business from abroad, said the strengthening of the US dollar had wiped 5 percentage poi[illegible] from the reported revenue growth in its general insurance business during the quarter, and nearly 9 points from gro[illegible] in life insurance. Operating profits from general insuranc[illegible] rose 8 per cent, to $544m, as underwriting profits climbed [illegible] per cent to $112m and investment income grew 9 per cent [illegible] $414m. Investment gains were $17m, compared with $23m [illegible] year before. Earnings per share for the period rose 14 per [illegible] to $1.53. *Richard Waters, Ne[illegible]*

■ KDD, Japan's leading international telecommunicat[illegible] carrier, has taken a 9.5 per cent stake in Pacific Gatew[illegible] Exchange, a fast-growing US carrier, for Y2.2bn ($9m). [illegible] investment represents the largest stake by a Japanese [illegible] in a foreign telecommunications operator, KDD said. [illegible] move gives KDD a foothold in the fast-changing US telecommunications market. Pacific Gateway Exchan[illegible] US long-distance and international carrier based in Burlingame, California, with which KDD has had bu[illegible] links. *Michiyo Nakam[illegible]*

■ Grupo Televisa, the Mexican media group, said [illegible] costs and extraordinary expenses related to redund[illegible] responsible for its second-quarter net loss of 232.29[illegible] ($30.5m) compared with a net profit of 432.45m pes[illegible] year-ago period. Revenues were 2.34bn pesos com[illegible] 2.38bn pesos a year earlier, while operating profit [illegible] 70.07m pesos from 13.5m pesos. *Reute[illegible]*

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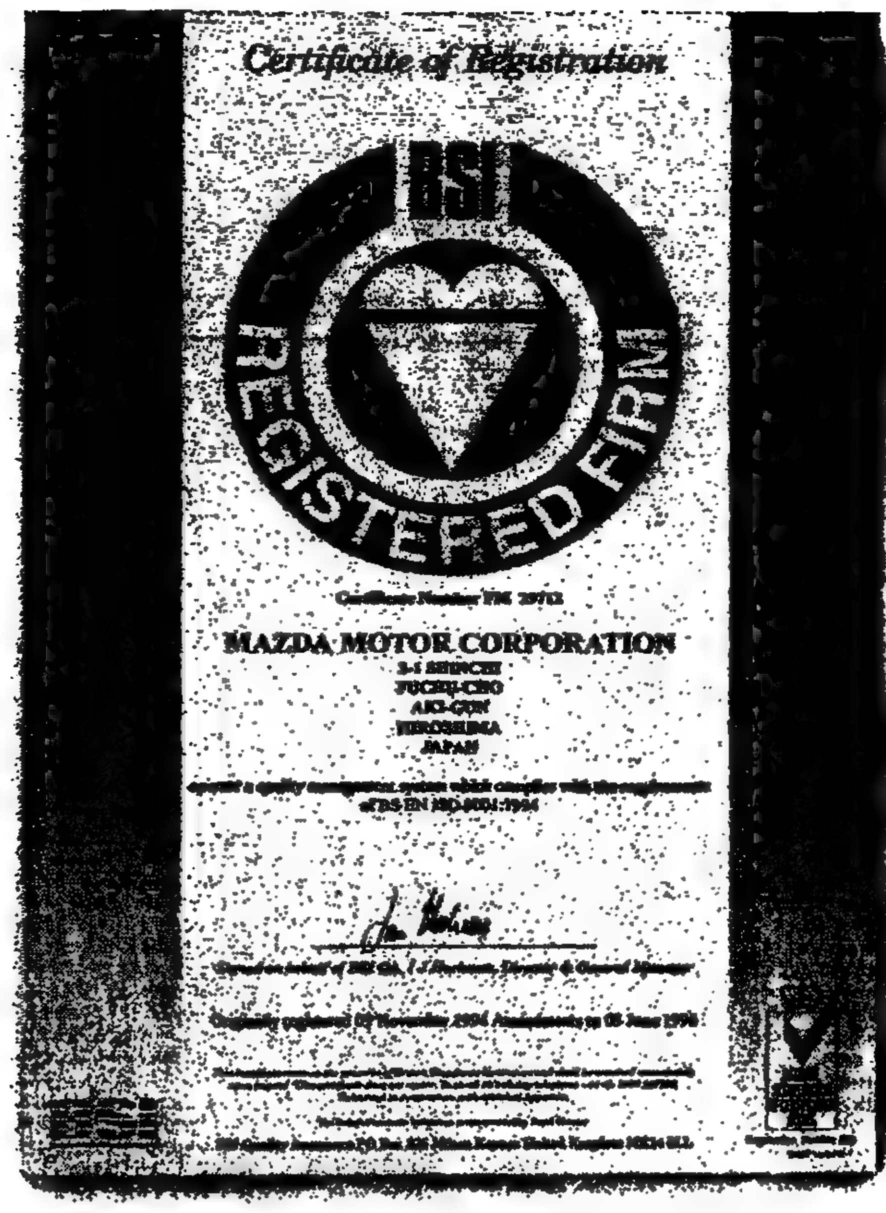

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*1 ISO 9001 is the highest attainable quality rank within the ISO 9000 series established in Geneva in 1987 by the International Organization for Standardization. *2 As an automotive manufacturing firm, not as a production facility within a firm. *3 The British Standards Institution, Great Britain's largest qualification judging organization, conducts inspections within the countries of the European Union.

Commerzbank grows 48% to DM1.32bn

By Andrew Fisher in Frankfurt

Commerzbank, Germany's third biggest commercial bank, yesterday reported a sharp jump in profits in the first six months and promised continued rapid growth this year, in spite of a difficult banking environment.

Operating profits after risk provisions increased by 48 per cent to DM1.32bn ($887m). With no extraordinary items, the pre-tax profit figure was the same as the operating result and 60 per cent higher than the comparable pre-tax 1995 profit, which was struck after DM68m of non-recurring expenses.

Mr Martin Kohlhaussen, chairman, said profits should grow by up to 50 per cent this year. This would add "another DM800m, I would say, to the operating profit of DM1.3bn which we achieved in the the first half," he said in an interview with FT-TV. This would total DM2.12bn, against a figure of DM1.45bn last year.

Martin Kohlhaussen: expects profits to grow 50 per cent

Referring to speculation about takeovers of German banks, he said: "I don't think any foreign bank would be happy to take over a major German bank." With a market capitalisation of some DM14bn, he said the price for Commerzbank would be "extraordinarily high".

Analysts said much of Commerzbank's steep profits rise was the result of improved capital markets and higher lending at a time of economic uncertainty.

"There is some froth in these results," said Mr Chris Williams, an analyst at Fox-Pitt, Kelton, the UK stockbroking firm. Mr Stephen Lewis, of UBS in London, said: "While the results look good, you have to question some of the risks."

The bank said its performance benefited from lively mortgage business, as well as brisk stock exchange activity and a strong advance in own-account financial trading. Lending was up 10 per cent, with considerable new business in the US and south-east Asia. Cost growth was held down.

Commerzbank said banking conditions remained difficult. It is keeping loan-loss provisions high because of "the unabating rise in German bankruptcies". It is providing DM1.2bn this year for lending risks, half of that in the first six months. Offsetting this was a DM257m gain on revaluing its securities portfolio held for liquidity purposes, leaving net provisions of DM343m, up 7.5 per cent.

Commission income rose 27 per cent to DM1.16bn, helped by increased mortgage business and underwriting revenues. Fees from securities transactions rose by 49 per cent. Financial trading profits grew 45 per cent to DM358m.

Mr Williams of Fox-Pitt said the sharp rise in fee earnings and the profit on the bank's portfolio revaluation "reflects the very positive trend in financial markets which will probably not be repeated."

Interest income was 10 per cent higher at DM2.87m. Costs were held at the level of the second quarter of 1995, but at DM2.8bn were 8 per cent up on the year-ago first half.

CFF shares suspended amid rescue bid talks

By Andrew Jack in Paris

Shares in Crédit Foncier de France, the troubled property bank, were suspended yesterday amid growing speculation that the state-controlled Caisse des Dépôts et des Consignations would launch a takeover bid to save it from collapse.

Government officials are believed to have held talks with executives at the Caisse on Wednesday ahead of a meeting of the institution's own governing board later in the day.

The details emerged as sources close to Crédit Foncier de France continued to stress that negotiations were continuing between the bank and a private-sector institution which was considering buying or helping to support the group.

Meanwhile, several hundred of the bank's staff protested outside the Elysée Palace, the French president's official residence, and were received by an adviser to President Jacques Chirac.

The government is keen to resolve the bank's problems before July 31, the date it mentioned earlier this year when the bank published record losses of FFr10.8bn ($2.14m) and acknowledged the need for a restructuring after taking provisions of FFr13.6bn.

Mr Jean Arthuis, minister of economics and finance, has pledged that the state would guarantee Crédit Foncier's FFr270bn in outstanding bonds, which make it the second-largest borrower on the capital markets after the government itself.

Shareholders and employees have been critical of the state's role in the management of the bank. The state does not own any of its shares but sits on its governing board and appoints its chairman, or "governor", and deputy.

The bank's future is extremely sensitive because of the large number of employees and shareholders, as well as creditors to its low-income housing loans. In January the Caisse des Dépôts provided an emergency line of credit of more than FFr20m.

NEWS DIGEST

Incentive disposal completes revamp

Incentive, the Wallenberg industrial company, yesterday completed the last big step in a radical strategic overhaul by divesting Skandinavisk Elverk, its highly profitable power supplier, to a rival generator for SKr4.2bn ($638.2m). The sale – to Gullspangs Kraft, a regional power company – creates Sweden's third-largest energy group, and is the latest stage in a rapid realignment of the Nordic power industry since deregulation in January.

Mr Mikael Lilius, Incentive chief executive, said "all the major steps" of the company's restructuring had been achieved. Incentive would now concentrate on building market share in three core areas: medical technology, environment control, and materials handling. He said the Skandinavisk Elverk sale had reduced net debt by SKr5.9bn. The acquisition of Gambro, a Swedish medical technology company, earlier this year had lowered Incentive's equity-to-assets ratio from 52 per cent to 35 per cent. Incentive confirmed it would be seeking acquisitions in its key areas, but had no immediate plans to dispose of its residual non-core holding in a military tractor company. Its shares rose SKr5 to SKr345.

Skandinavisk Elverk last year posted operating profits of SKr609m on sales of SKr1.9bn. The two companies will have a combined turnover of SKr5.5bn. Analysts said the deal would help consolidate Gullspangs' drive to become a leading Nordic power provider. Mr Olof Wikströ, Gullspangs chief executive, indicated the company was looking at expansion into Norway and Finland. *Greg McIvor, Stockholm*

Prices decline hits Solvay

A fall in plastics prices and demand has been blamed for a 28 per cent decline in first-half net earnings at Solvay, the Belgian chemicals group, from BFr8.3bn to BFr6bn ($195.4m). The company said it was expecting an improvement in the second half, but was still forecasting full-year results "at the same level" as 1995's BFr12.5bn. Group turnover in the first six months of 1996 was broadly flat, at BFr142.2bn.

Solvay said the second-half performance would depend on the strength of any upturn in Europe, which accounts for two-thirds of sales. It said the plastics business had performed well in the first half of 1995, but had sharply declined in the second half, and shown only a gradual improvement in 1996.

Improvement was, however, more marked in high-density polyethylene and polypropylene, because of strong world demand and rising prices. An improvement in PVC demand in Europe had also allowed a small price increase. In the alkalis sector, the latest performance was better than either half of 1995. Utilisation rates in its European soda ash plants were high, and prices had risen slightly in 1996 after four years of decline. *Neil Buckley, Brussels*

Agip buys Sun Company fields

Agip, the oil exploration and production subsidiary of Eni, the Italian energy group, has bought the North Sea oil operations of Sun Company, the US-based company, for about $260m. The acquisition will boost Agip's North Sea oil and gas production by nearly a third from the 108,000 barrels a day recorded in 1995. The deal includes Sun's interests in several fields.

Mr Guglielmo Moscato, chairman of Eni and Agip, said the deal would help the company boost total output to 1.2m b/d by early in the next decade. Sun said the sale was in line with its strategy to refocus on the US. *Robert Corzine, London*

■ Banco Bilbao Vizcaya, the Spanish banking group, is in talks with Latinvest to acquire the investment banking group, which specialises in South America. *AFX News, Madrid*

Philips unit slims to Japanese proportions

The audio-visual business wants fewer suppliers and more dedicated sub-contractors

Philips, like many other companies, wants to become more Japanese in its methods. But the operational structure it is seeking to adopt is potentially more radical than the just-in-time delivery or quality circles used by other western manufacturers to motivate employees.

The Dutch electronics company said yesterday that shedding 6,000 jobs on its consumer audio-visual side would lead to much greater reliance on outside suppliers. The aim is to build a cluster of dedicated sub-contractors.

These would replace the numerous outside components companies which each supply a small amount of their overall production to Philips – and their role would become much more important.

"Our intention is to work with significantly fewer suppliers," Mr Dudley Eustace, chief financial officer, said. "It is almost like bringing the supplier in-house – like Japanese companies, which have satellites gathered around them. It is that model we are seeking to follow."

The shift would form part of what is being billed as a structural realignment of the Philips Sound & Vision business.

The plan, which the group has entitled "Changing the rules of the game", has at its core the outsourcing of capital-intensive parts of the manufacturing process to specialist producers.

In addition, distribution, sales and marketing will be conducted at a regional level rather than within each of Philips' national organisations. The role of these subsidiaries will be increasingly to provide services to product divisions operating or selling there.

New products are to be originated with worldwide production in mind, and based on global software architecture. The intention is to reduce costs and the time taken to bring a development to the market.

For example, at the lower-technology end, the company is expected to reduce the number of television chassis on which it builds its models from 25 to just six. Variants would then be developed on a smaller range of frames – echoing the trend of the world automotive industry.

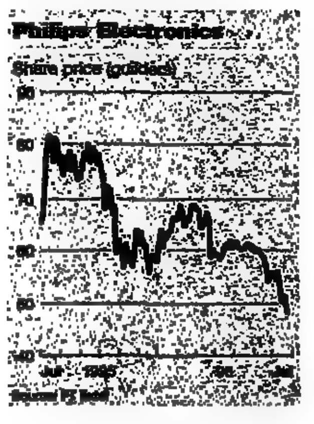
"This sounds very much like an assembly operation rather than an integrated production line," says Mr Joost van Beek, analyst at HSBC James Capel in Amsterdam.

Mr Eustace stressed yesterday that Philips had "no intention of abandoning the television and audio business". In October it would unveil an interactive television set for the US market, providing access to the Internet. The product is being developed in conjunction with WebTV, a Silicon Valley start-up venture whose investors include Mr Paul Allen, co-founder of Microsoft.

The shift to external sourcing strikes at the very nature of Philips, which has long been among the most vertically integrated producers in the industry.

In some ways, it also sits oddly with the way the group has entered its latest consumer market: mobile telephones.

Philips acknowledged yesterday that launch costs for the venture were another main factor – along with downward pressure on prices for equipment such as video recorders – that had pushed the consumer products division into the red.



The group is seeking to compete with Motorola of the US, Sweden's Ericsson and Nokia of Finland, the three established leaders in the mobile phones sector.

Mr Eustace said: "We are late – we are two years late – but as a company we have more pieces in place. We have all the ingredients to make a success of it. Recognising that within the company we did not have the management capability, we went outside and hired."

So the group remains confident it can build a business from scratch. A second production line for the phones is starting in Singapore. Handset prices are coming down sharply, though, and its current market share is little more than 1 per cent. "How many years until they restructure again?" asks Mr Van Beek.

The latest shake-out comes ahead of an October change at the top of Philips, when Mr Jan Timmer steps down after six years as chairman in favour of Mr Cor Boonstra, a vice-president. The troubles at Sound & Vision were deemed too severe to await the hand-over, but the fight back to the black, intended to take 18 months, is thought likely to benefit from Mr Boonstra's strength in consumer product marketing.

Under Mr Timmer, Philips has expanded its global reach, and earnings from Asia and Latin America – which brought in 65 per cent of interim operating income for the group as a whole – helped offset what Mr Eustace called "absolutely awful" trading conditions for Sound & Vision in the US.

Gordon Cramb

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.09	12.25	13.16
0100	11.78	8.84	9.84
0130	11.78	8.84	9.84
0200	11.78	8.89	9.89
0230	11.78	8.89	9.83
0300	11.78	8.89	9.89
0330	9.02	8.89	9.89
0400	9.02	8.89	9.83
0430	9.02	8.83	9.53
0500	9.02	8.91	8.91
0530	12.04	8.90	8.90
0600	12.04	8.91	8.91
0630	12.04	8.91	8.91
0700	16.54	16.59	17.49
0730	16.98	16.67	17.88
0800	17.28	15.77	20.25
0830	18.85	21.24	23.47
0900	27.51	26.57	32.02
0930	27.91	40.67	46.20
1000	27.89	43.85	49.35
1030	27.87	46.57	61.41
1100	27.89	48.15	64.88
1130	27.88	48.64	67.18
1200	27.27	73.43	61.75
1230	27.17	72.04	79.88
1300	19.15	65.10	71.23
1330	18.00	36.02	41.14
1400	17.69	38.59	39.45
1430	17.68	22.20	24.55
1500	17.69	21.09	23.11
1530	17.82	20.08	21.82
1600	17.28	16.65	21.50
1630	17.23	20.21	21.99
1700	30.16	20.41	22.25
1730	29.37	16.77	21.40
1800	29.38	18.78	30.08
1830	29.14	17.61	18.83
1900	17.93	17.39	18.30
1930	17.93	17.09	17.89
2000	17.83	16.85	17.75
2030	9.05	16.41	17.31
2100	9.05	16.41	17.31
2130	17.18	12.44	13.33
2200	35.20	20.60	21.50
2230	35.20	20.60	21.50
2300	35.20	20.60	21.50
2330	23.61	12.44	13.33
2400	21.82	12.44	13.33

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 946 6789 between 8.30am and 5.15pm Monday to Friday.
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RPR rises to $165.9m on flat turnover

By Daniel Green

Rhône-Poulenc Rorer, the US drugs company 68 per cent-owned by Rhône-Poulenc, the French chemicals group, revealed a sharp rise in first-half profits on barely-changed turnover yesterday. Net profits for the six months rose to $165.9m from $123.1m while turnover advanced to $2.62bn from $2.5bn.

The share price rose $2 to $65⅝ in early trading in New York.

The company's new figures were compared with 1995 figures adjusted to include Fisons, the UK drugs company, and Applied Immune Sciences, the biotechnology company, which it bought last year.

RPR announced two asset sales worth $65m in the UK and Spain. The UK disposal is the £34m sale of APS/Berk, a maker of unbranded drugs, to Teva of Israel. A Fisons plant in Spain was sold to a private buyer.

This brings the value of asset disposals by RPR since its £1.8bn takeover of Fisons to more than $750m. In March, the company received $326m for Fisons' Scientific Instruments division and in early July $400m for a Fisons manufacturing site and the licensing of several products to UK company Medeva.

"The integration of Fisons is going well but there are still some efforts to make," said Mr Patrick Langlois, RPR's chief financial officer.

He said further asset sales would include products outside RPR's specialist areas or which were generics.

"Generic drugs have margins of 5-6 per cent and we can get higher margins in more specialised drugs," he said

RPR's debt had been reduced to $2.43bn following recent asset sales, he added, against $2.85bn at the end of June and $3bn last year. The company's target for the full year remained 10 per cent growth in earnings per share before exceptionals, he said.

By launching new products and improving productivity, Mr Langlois suggested that profits could grow faster in 1997 and 1998. The 1996 first-half improvement was flattered by a lower preferred dividend pay-out of $21.3m, compared with $28.5m in the second quarter of 1995.

It includes pre-tax income of $24.1m, or $0.10 a share, from gains on asset sales, and income from affiliates, such as the Centeon blood products joint venture with Hoechst of Germany, of $77.7m in the 1996 six months and $82.4m proforma for the same period of 1995.

SAP meets expectations at DM374m

By Sarah Altheus in Frankfurt

SAP, the German business software group, yesterday posted a 60.5 per cent rise in pre-tax profits to DM374m (US$251m) in the first six months, and said it was on course for a sharp improvement for the full year.

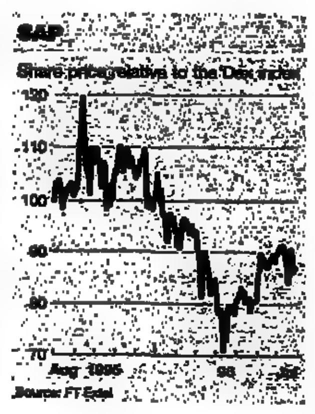
The results were in line with expectations and had little impact on the share price, which closed DM0.60 lower at DM209.3. However, analysts said the figures would help reassure investors that SAP, the world leader in software for standard business applications, was still capable of producing the strong growth rates of recent years.

The share price fluctuated earlier this year after Forrester Research, a US consultancy, warned that SAP's main product, the popular R/3 client-server software, could become obsolete by the end of the decade.

All sectors contributed to the group's profits increase. Pre-tax profits for the whole year were expected to increase 46 per cent from DM674m in 1995, Mr Dietmar Hopp, chairman, said.

Strong demand for R/3 software, particularly in the main markets of North America, Japan and Germany, bolstered growth. Orders from large customers had also helped, Mr Hopp said, announcing that SAP had added Coca-Cola of the US to the list of its clients for R/3.

He declined to provide details about the agreement with the US group, but said it had "enormous potential and was without doubt one of our most interesting contracts".



Group sales increased 38 per cent from DM1.15bn to DM1.59bn, with North American revenue climbing 47 per cent to DM539m in the half. Orders had been hit by the Forrester report, with which SAP disagreed. But the group said it had seen very strong demand for the software in the past few weeks and had signed up more than 500 new customers since the beginning of the year. For the full-year, overall sales were expected to climb 41 per cent from last year's DM2.69bn.

About 70 per cent of first-half turnover came from sales of new products, down from 72 per cent last time. The percentage of business done outside Germany rose from 67 per cent to 73 per cent.

"The group is still achieving a strong percentage of its sales in the high-margin sector," said Mr Michael Wand, analyst at Paribas Capital Markets in Frankfurt. "I'm happy with the group's forecasts for full-year results and believe they may even be conservative."

Argentaria fall may delay sell-off plans

By Tom Burns in Madrid

Argentaria, the partially privatised Spanish banking group, saw first-half consolidated earnings fall sharply. The results, which were worse than market forecasts, are likely to put on hold any further placement of the state's remaining 25 per cent stake.

Attributable profits fell 10.7 per cent to Pta37.2bn ($295m). Net income was down 4.3 per cent, to Pta97.3bn, on the first half of last year.

The figures were the first to be published since Mr Francisco González was appointed by Spain's new centre-right government in May to succeed Mr Francisco Luzón as chairman.

Profitability had been under pressure at Argentaria for three financial years. The surprisingly heavy fall in 1996 first-half earnings seems to indicate the group has been been relying excessively on non-recurring income, and especially on the recovery of assets and bad loans that had been written off, to lift its bottom line.

However, Mr José Sevila, banking analyst at FG, the Madrid securities house acquired by Merrill Lynch, the US investment bank, in February, said the latest results gave "a more realistic picture" of Argentaria's balance sheet. He said they suggested the group had adopted a more prudent policy in the presentation of its results.

Mr González, who was FG's chairman and chief shareholder at the time of the Merrill Lynch takeover, said Argentaria would continue to concentrate on mid- and long-term growth.

Argentaria shares closed at Pta4,945, down 2 per cent.

In contrast, first-half figures at Banco Central Hispano showed the banking group was on the road to recovery, because of a tough restructuring programme.

BCH said attributable net profits rose 13.3 per cent, to Pta20.4bn, from the first six months of 1995.

The increase came in spite of heavily reduced earnings from disposals. The improved quality of its balance sheet was underlined by a 5.4 per cent rise, to Pta140.3bn, in net interest income and increased income from commissions and trading operations.

COMPANIES AND FINANCE: UK

Somerfield faces second float price cut

By David Blackwell

Somerfield, the UK's fifth biggest supermarket, is expected this morning to confirm that it will cut its flotation offer price at the last minute from 160p to 145p a share.

The board started meetings yesterday evening that were expected to run into the early hours. Cutting the price for the second time in a week would bring the float back from the brink of disaster.

"It is a desperate last-minute act," said one institution.

Institutional investors have been lukewarm about the offer from the start, and have grown cooler in the worsening new issue market.

Somerfield's difficult position as a second line food retailer was exacerbated by a profit warning last week from Iceland, the frozen food retailer.

The new price is understood to be the lowest which the banks that are effectively Somerfield's vendors would accept. It reduces the market value of the group from £480m ($748.8m) at 160p to £435m.

This represents a prospective multiple of 5.5 – a 60 per cent discount to the market – and a yield of more than 9 per cent – or a 94 per cent premium to the market.

The proceeds would clear Somerfield's debt of £192m, and leave £208m to be passed through the ring fence around further debt at Isosceles. Isosceles bought the supermarket chain when it was known as Gateway in a disastrous £2.1bn leveraged buy-out.

Isosceles debt holders – mostly the same banks that hold Somerfield's debt – are understood to be disappointed, if not angered, by the price cut. At 145p, they will get under 80p in the £1.

Rumours surfaced that the Isosceles debt holders were being asked to take some of the stock – effectively swapping debt for equity. But Natwest Securities yesterday was emphatic that no orders had been solicited from debt traders or bond holders or received from these types of institutions, adding that the institutional shareholder list would be "pretty much blue chip."

Price controls curb BT

By Paul Taylor

Higher redundancy charges, coupled with price controls, resulted in flat first-quarter pre-tax profits of £869m ($1.36bn) at British Telecommunications, against £874m a year earlier.

Sir Iain Vallance, chairman, said: "In the UK, the tough price control on our regulated services continues to have an adverse impact on our results, although BT's operating profit for the quarter was broadly maintained."

BT is considering its response to the regulator's proposals for controls on its prices and ways of policing its activities to 2001. The group, which would prefer new legislation covering competition in the industry, is currently holding urgent talks with the government and is due to respond to the proposals by August 2.

Cairn raises £50m to develop field

By Patrick Harverson

Cairn Energy, the independent oil exploration and production company, is raising £50.3m ($78.5m) through a rights issue to strengthen its finances and help fund the development of its Sangu field offshore of Bangladesh.

The announcement of the 1-for-5 cash call at 280p a share prompted a sharp rise in Cairn's shares, from 281p to 318p, which analysts put down partly to the unusual fact that the issue was fully sub-underwritten by Mercury Asset Management on behalf of its clients.

The arrangement, under which MAM has agreed to buy any shares not sold by underwriters Morgan Grenfell, was a vote of confidence in Cairn, said analysts. MAM, which with its clients already owns 11.3 per cent of Cairn, has acted as a sole sub-underwriter on only a handful of previous occasions.

The fund management group said: "We were happy to underwrite the issue because we felt the shares were an attractive investment at that price."

Analysts said the shares had also risen on news that Cairn had persuaded Halliburton, a US energy services company, to take on 50 per cent of the development costs of Sangu in return for a 25 per cent interest in the field.

Mr Richard Savage, an analyst at Kleinwort Benson, said of Halliburton: "If they're willing to put their money into it, they must believe it's commercially viable."

He said Halliburton's role would be crucial because it would not only help cut costs of the development, but also improve Cairn's hopes of ultimately selling gas from the field to India because of the US company's close links with Indian gas authorities.

The field is potentially one of the largest ever discovered, and the two blocks owned by Cairn cover an area equivalent to about 75 North Sea blocks.

The company plans to begin supplying gas to the Bangladesh market in 1998.

Given the modest size of the Bangladesh market for gas, Mr Savage said it was vital for the long-term profitability of Sangu that access could be gained to the Indian market.

PROFILE

CAIRN ENERGY

Market value: £292.3m Share price: 318p +37p

	1991	1992	1993	1994	1995
Turnover	£12.3m	£13.1m	£18.2m	£15.8m	£21.7m
Pre-tax profit	(£27.8m)	£0.2m	£2.3m	(£5.9m)	£8.9m
Earnings per share	(111.7p)	3.0p	3.5p	7.7p	11.8p
Net assets	£19.1m	£27.9m	£38.3m	£41.5m	£69.6m

no dividend declared

SHARE PRICE Relative to the FT-SE-A Oil Exploration and Production index — GROUP PRODUCTION Million barrels of oil equivalent/day

Source: Datastream

Optical Care chief has 'no excuse'

By Clay Harris

Mr Rupert Galliers-Pratt, censured by the London Stock Exchange for failing to disclose his directorships of 17 failed companies, yesterday took full responsibility for the omission and said he had "absolutely no excuse".

The exchange's censure related to the admission document for Optical Care (Bermuda) when it began trading on Aim in February.

Mr Galliers-Pratt is chairman of Optical Care, which plans to sell low-cost eyeglasses in eastern Europe. Its first shop is due to open in Warsaw in September.

The censure could have been avoided if Mr Galliers-Pratt or his advisers had spent £2.50 and a minute or two to jog his memory, by getting a full listing of his current and former directorships from the Companies House online service.

The case highlights the fact that the Stock Exchange does not undertake its own due diligence on Aim companies, as it would for a company seeking a full listing. It relies instead on the word of nominated advisers: stockbroker Gerrard Vivian Gray in the case of Optical Care.

Mr Stephen Cooke, chief executive of Gerrard Vivian Gray, said yesterday: "As nominated advisers, we rely on the integrity of directors to a substantial degree."

Lloyds TSB to set date for naming chief

By John Gapper, Banking Editor

Lloyds TSB Group will today attempt to address uncertainty over who will succeed Sir Brian Pitman, its 64-year-old chief executive, by disclosing along with its interim results the date by which it will announce a decision.

Expectations have risen within Lloyds TSB that Sir Brian is to take over from Sir Robin Ibbs as non-executive chairman by next year. The merged bank's two deputy chief executives are thought to be in contention to succeed him.

Mr Peter Ellwood, the former chief executive of TSB Group, which merged with Lloyds last year, is the favourite. However, some former Lloyds directors are thought instead to favour Mr Alan Moore, the other deputy chief executive.

Large investors in Lloyds TSB Group said yesterday that they favoured Sir Brian retaining a role in management because of his record of improving shareholder value. "He has always worked in our interests," said one shareholder.

One analyst said Sir Brian possessed a "halo effect". Shareholders would support Mr Ellwood as his successor if he was chairman, but there might be doubts if Sir Brian retired.

Sir Brian will be 65 in December, having been asked by the Lloyds TSB board to delay his scheduled retirement originally scheduled for last year. Sir Robin is already 70, and is expected to step down quickly as soon as the board has decided who will take over as chairman.

The board started talking to potential candidates to take over from Sir Brian earlier this year. Among those contacted was Mr Michael Hepher, former BT managing director, who has become chief executive of the merchant bank Charterhouse.

The board is thought to have discussed the question in the absence of Mr Ellwood and Mr Moore at its May meeting.

It met again last night to approve the group's interim results.

BBA takes rest of Signature

By Ross Tieman

BBA Group is buying out the 32 per cent minority interest in its Signature Flight Support Corporation, which provides back-up services for corporate fliers in the US, for $44.7m.

The purchase of the stake, from New York venture capital group Arcadia Partners, clears the way for BBA to expand the business through bolt-on acquisitions.

Mr Roberto Quarta, BBA's chief executive, said he hoped to expand Signature geographically by buying operations at airfields on the west coast of America, where it is weak.

Signature is America's leading supplier of refuelling, cargo handling, security and maintenance services for corporate aircraft in America, operating at 36 leading airports.

"This acquisition will enable us to get the full benefit of the business going forward," Mr Quarta said.

BBA has already turned round the business, acquired when it took over the Guthrie Corporation during the 1980s, and expanded it with two subsequent acquisitions.

In the year to December 31 Signature made pre-tax profits of $15.77m. Net assets were $77.3m.

Mr Quarta said buying in the minority would enhance group earnings.

The deal will be largely funded from cash flow. BBA is ungeared. Approval for the purchase will be sought from BBA shareholders at a special meeting on August 12.

BBA aims to develop aviation services as one of its core businesses, together with friction materials for vehicle brakes, manufacture of non-woven industrial fabrics and specialist electical equipment for power generation and supply.

Daimler denies talks with BAe on merger

By Bernard Gray, Defence Correspondent

Daimler-Benz yesterday denied reports that it was in detailed discussions with British Aerospace about merging the two companies' military aircraft businesses. BAe also said that there were no proposals on the table to merge the two companies' aircraft operations.

Both companies said that Sir Richard Evans, BAe's chief executive, and Mr Jürgen Schrempp, chairman of Daimler-Benz, had had outline discussions for many months about the future shape of the European aerospace industry, but that nothing specific had been proposed.

They added that the talks were part of a wide discussion between European aerospace executives about the industry which needs to be restructured.

BAe also suggested the idea that BAe and Daimler-Benz could merge their military aircraft businesses in isolation was fundamentally mistaken.

They said that any rationalisation would have to involve the French companies Aérospatiale and Dassault, and the future of Airbus would also be critical in determining the future shape of the industry.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Admiral	6 mths to June 30	43	(30.2)	5.18	(5.59♥)	5.5†	(6.4)	0.7	Oct 4	0.58*	-	1.86*
Ayrshire Metal	6 mths to June 30	21	(21.9)	0.701	(1.3)	4.4	(8.2)	1.5	Oct 1	2	-	5.5
BT	3 mths to June 30	3,641	(3,498)	869♠	(874♠)	9†	(9.2)	-	-	-	-	18.7
Banks (Sidney C)	Yr to Apr 30	263.3	(243.5)	4.47♥	(2.73)	33.5	(20.3)	7	Oct 4	6.5	11	10
Card Clear	6 mths to June 30	0.905	(0.358)	0.205	(0.203L)	0.9†	(1.3L)	-	-	-	-	-
Creighton's	Yr to Mar 31	10.1	(8.63)	0.47♠	(1)	5.3	(13.9)	nil	-	5.5	2.2	7.7
Danka Business	3 mths to June 30	263.7	(159.4)	17.5	(12.6)	5.8	(4.8)	-	-	-	-	2.7
Druck §	Yr to Mar 31	47.1	(38.9)	9.8	(7.3)	91.2	(78.2)	11	Oct 1	9	18	13.1
Environmed	6 mths to Mar 31	10.45	(15.22)	3.13L♠	(4.93L♠)	12.53L	(19.98L)	nil	-	nil	-	-
Forminster	Yr to Apr 30	22	(25.3)	0.519L♠	(2.3)	8.77L	(12.92)	nil	-	2.27	1.17	3.31
ICI	6 mths to June 30	5,297	(5,088)	280♠	(533♥)	19.4	(45.4)	12.5	Oct 7	11.5	-	30
Radiant Metal	Yr to Feb 29	0.836	(0.809)	0.01L	(0.173L)	0.78L	(12.73L)	-	-	-	-	-
RPS	6 mths to June 30	9.32	(8.18)	1.5	(0.919)	5.3	(4.1)	1.85	Oct 24	1.55	-	3.4
Stewart & Wight	Yr to Mar 31	0.473	(0.44)	0.372	(0.343)	326.58	(297.33)	150	Oct 25	140	180	140

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
CLM Insurance Fund	6 mths to June 30	108.68	(106.63♦)	0.934	(0.819)	1.08	(0.95)	1.5	Aug 20	1.43	-	2.7
Derby	6 mths to June 30	550	(519♦)	1.07	(0.938)	9.0921★	(7.9402)	11.7802	Aug 31	8.8048	-	19.3278
Edinburgh Java	6 mths to June 30	41.72	(38.33)	0.03L	(0.099)	0.1L	(0.33)	-	-	-	-	0.16
Fleming Fledgeling	6 mths to June 30 ★	499.68	(487.7)	0.228	(0.172)	1.81	(1.37)	1	Sept 3	1	-	3
HCG Lloyd's	10 mths to June 30	109.5	(92.1♦)	3.56	(-)	5.5	(-)	1.9✻	Aug 20	1.9	4.5	2.9
Hiscox Select	6 mths to June 30	91.4	(101.6)	0.386	(0.426)	1.29	(1.42)	1.3	Oct 1	1.2	-	2.4
Murray Income	Yr to June 30	360.4	(344)	11.6	(10.4)	13.5	(12.14)	5.1	Oct 30	4.74	13.2	12
Witan	6 mths to June 30 ★	306.1	(259.9)	15.3	(12.8)	4.08	(3.41)	3.05	Sept 13	2.95	-	6.45

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. *Equivalent after allowing for scrip issue. §USM stock. ♦At December 31. ★Comparatives restated. ✻Third interim.

Europe volatile as German rate unchanged

By Samer Iskandar in London and Lisa Bransten in New York

The market and the Bundesbank had a busy day yesterday trying to outwit each other. Volatility in European bond prices increased around midday, when the German central bank's council decided to leave its repo rate unchanged at 3.30 per cent, defying unanimous predictions by economists and traders of a 5 to 10 basis point easing.

"They [Bundesbank board members] were boxed into a corner and wanted to show their independence [from the markets]," one senior economist in London said. "A typical example of Bundesbank contrariness," was how another observer described the decision. Most economists agreed that "all the ingredients were there to justify a cut".

The market's initial reaction was a fall of almost ½ point in most European bond prices, followed by a US Treasury-inspired recovery that left high-yielding markets lagging behind bunds.

Liffe's September bund future, which fell to a low of 96.50 immediately after the Bundesbank announcement, later recovered to close at 97.15, up 0.26.

GOVERNMENT BONDS

Other "core" European markets also ended higher, while the Italian and Spanish 10-year benchmark bonds lost about ¼ point to 101.83 and 100.39, respectively, their yield spreads over 10-year bunds widening by 9 basis points to 307 and 237 basis points.

The decision not to ease the repo rate was "one more nail in the coffin of convergence", said Mr Mark Fox, chief European strategist at Lehman Brothers.

Traders reported heavy selling and switching into bunds from higher yielding sectors. The selling was mostly concentrated on short maturities, which were expected to benefit most from a monetary easing.

"Traders are setting up curve flattening trades ... anticipating a reversal of the sharp steepening witnessed in the past month," said Mr Kirit Shah, chief market strategist at Sanwa International, who agrees with Lehman's Mr Fox that the European convergence process is in jeopardy.

Mr Shah now expects the BTP/bund spread to widen to as much as 345 basis points "if the 325 basis point [support] is broken".

■ US Treasury prices moved higher in early trading yesterday after data suggested that economic activity may be slowing, but they held in the narrow range in which they have been trading since the start of the month.

At midday the benchmark 30-year Treasury was ⅛ stronger at 87⅛ to yield 6.996 per cent. At the short end of the maturity spectrum, the two-year note rose $\frac{1}{32}$ at 100, yielding 6.283 per cent, while the September 30-year bond jumped $\frac{11}{32}$ to 108$\frac{21}{32}$.

Since the start of the month the yield on the benchmark 30-year Treasury has hovered near 7 per cent as investors began to bet that the Federal Reserve would have to raise interest rates to slow the economy.

Last week, however, Mr Alan Greenspan, chairman of the Federal Reserve, buoyed the market by suggesting that the economy could slow on its own without an interest rate increase.

Opinion is divided about whether the Fed will tighten next month, and yesterday's weaker-than-expected data on durable goods orders and existing home sales added to speculation that an interest rate increase was not inevitable.

Existing home sales fell 2.3 per cent in June, suggesting that higher long-term interest rates were beginning to take their toll on the housing sector, and durable goods orders slipped 0.8 per cent.

But analysts warned against assuming that the weak durable goods data indicated an economic slowdown. Mr Joseph Liro of CIBC Wood Gundy noted that orders had surged 4.2 per cent in May and lost only a small part of that increase back in June.

"In the longer term, the ability of orders to retain much of the May advance is another bit of evidence that the economy will continue to operate well above the non-inflationary potential growth rate through 1996," he said.

Belgium to implement benchmark debt scheme

By Conner Middelmann

The Belgian treasury is implementing a benchmark debt portfolio to manage its debt more efficiently and help it attain the Maastricht debt criteria for European monetary union.

It has appointed Union Bank of Switzerland and Morgan Stanley as advisers on the benchmark project. UBS is already doing similar work with the governments of Australia and Ireland.

"This does not represent a change in our funding policy – it is in line with the reforms that have taken place in the Belgian capital markets for the past six years," said Mr Louis de Montpellier, general adviser at the Belgian treasury.

The benchmark will "focus on finding robust debt portfolios which balance the dual objectives of cost saving and risk control," said Mr Rupert Brindley, director in the quantitative finance group at UBS.

Achieving efficient funding – which he defines as "the lowest cost of borrowing consistent with an acceptable level of risk" – should lead to either cost reduction, or risk reduction, or both, he said.

The benchmark will also provide Belgium with a reference point against which to measure the performance of the debt managers.

UBS has developed a simulation model which tests a debt portfolio over different time horizons and scenarios.

"The model will allow us to project our debt portfolio in many environments and see if our macro-economic constraints are respected, and, within these constraints, what we can do to improve the cost of our debt," Mr de Montpellier said.

Lebanese airline gets $100m boost

By Roula Khalaf

Lebanon's national carrier is to receive a much-needed $100m capital infusion, Mr Khaled Salam, chairman of Middle East Airlines, said yesterday.

The Lebanese central bank will inject the $100m in exchange for equity in the company. The funds will be used to retire the company's debts, mostly owed to government-controlled entities.

An additional $125m of capital is to follow, according to Mr Salam. At a meeting yesterday to approve the first tranche, shareholders were given two weeks to decide whether they wanted to take part in the capital increase.

The Lebanese government already has a controlling stake in the carrier through its interest in Intra, an investment company which owns 62.5 per cent of MEA. Air France holds 28 per cent of the shares and the remainder is spread among employees and Lebanese individuals.

The long awaited capital increase should allow the company to embark on a rehabilitation plan to modernise its fleet and restructure operations.

After surviving 16 years of civil war, MEA emerged crippled by high operating costs due to an ageing fleet, antiquated equipment, and an ageing staff.

As international carriers began landing in Beirut again, MEA racked up losses of more than $80m between 1991 and 1994 (the latest figures available) and was forced to borrow from the government to stay afloat.

Plans to recapitalise the airline have been on the table for years, but were partly blocked by political squabbling among Lebanon's top decision makers over a change in management.

An agreement reached last September brought in Mr Salam and cleared the way for the capital increase.

Flurry of issues puts eurobonds back into gear

By Conner Middelmann and Peter John

The eurobond market sprang back to life yesterday, featuring an assortment of structures and currencies.

The budding market for D-Mark-denominated asset-backed securities saw an innovative addition, DM1bn of bonds backed by credit card receivables generated in the US by Capital One Master Trust, the ninth-largest US credit card company.

INTERNATIONAL BONDS

It is the first fixed-rate asset-backed offering in the German market, following floating-rate issues for Citibank and Discover in recent months. The sector is expected to see more issues this year, with MBNA America Bank and Citibank thought to be planning deals.

According to lead manager Salomon Brothers, the issue met strong demand throughout Europe and was heavily oversubscribed. One of the bonds' main attractions is their substantial yield pick-up over other triple-A rated paper: they yield 45 basis points over bunds at the re-offer price – some 10-15 basis points more than domestic German bonds and 20-25 basis points above triple-A rated eurobonds, a syndicate official said.

The Bank of Melbourne, Australia's eighth-largest bank, made its debut in the D-Mark sector with a DM350m offering of three-year floating-rate notes yielding 15 basis points above Libor at the re-offer price. The deal benefited from its Libor-plus coupon and investors' interest in more defensive instruments given recent bond market volatility, dealers said.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
■ US DOLLARS							
SCCMT 2 1996-2, Class A(a)‡♦	500	7.00	99.[illegible]R	Jul 2004	0.40R	+44(6⅝%-06)	Merrill Lynch International
Korea Electric Power(b)§	200	5.00	100.00	Aug 2001	2.25	-	Lehman Brothers
Banco Hipotecario Nacional(c)	100	10.625#	100.00R	Aug 2006	0.75R	+400(6⅝%-06)	Merrill Lynch International
■ D-MARKS							
CCCC, 1996-A, Class A(d,s)	1bn	5.625	99.59R	Aug 2001	0.25R	+45(5%-01)	Salomon Brothers Intl
Bank of Melbourne‡	350	(e)	99.928R	Aug 1999	0.10R	-	SBC Warburg
■ YEN							
Finnish Export Credit(f)♦	10bn	5.70#	100.00	Aug 1998	1.50	-	Tokyo-Mitsubishi Intl
■ SWISS FRANCS							
Bayerische Vereinsbank O'seas	100	4.375	102.45	Sep 2004	2.625	-	Bank von Ernst & Cie
■ PESETAS							
SNCF	10bn	6.50	100.9596	Aug 2021	2.20	-	BNA/BNP España
■ ESCUDOS							
Abbey Natl Treasury Services‡	7.5bn	(g)	100.00	Aug 2001	0.10	-	BSN Portugal

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ♦Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Sears Credit Card Master Trust. Expected maturity: 17/7/06. Monthly coupons. Controlled amortisation. Average life: 7 yrs. Class B subordinated notes: $22½m. b) Convertible into ADRs at $24½. Callable from 1/8/99 at par. c) Puttable on 7/8/00 at par. d) Capital Credit Card Corp, Cayman Islands. Legal maturity: 15/10/04. e) 3-mth Libor +12½bp. f) Redeemed in Aus$. g) 6-mth Lisbor -15bp. s) Short 1st coupon.

Ahead of yesterday's close of subscriptions for Mexico's $3bn floating-rate issue, bankers handling the deal remained confident that heavy demand could lead to increased size and tighter pricing.

The price range for the deal had been 200 and 212 basis points above Libor. Dealers suggested yesterday the price could be at the bottom of that range. Any decision on an increase in size might not be revealed until after the weekend. But there has been speculation that it could be raised to between $5bn and $6bn.

Evergreen Marine set to launch GDR issue

By Laura Tyson in Taipei

Evergreen Marine, the Taiwanese shipping concern, is expected soon to launch a $200m issue of Global Depositary Receipts to raise capital for investment projects in China and Panama.

Goldman Sachs, the US investment bank, has been appointed lead underwriter for the issue, which will be Evergreen's first such offering to overseas investors.

Each GDR will be equivalent to 10 common shares and the issue price per GDR will be about $20. The receipts will be listed on the London Stock Exchange.

The closely-held group announced in 1994 plans to invest up to $80m in China for development of port, terminal and transport systems. Projects include the construction of an inland container terminal near Shanghai in a joint venture with the Shanghai port authority, and a another terminal depot in the northern port of Qingdao.

Evergreen has been a vocal advocate for the restoration of direct shipping links between Taiwan and China, severed in 1949 after a civil war.

The group is expanding its fleet and making preparations for the eventual lifting of the ban. Evergreen also has invested in port facilities in Panama.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	107.0980	-	8.86	8.88	9.05
Austria		6.250	05/06	97.9800	+0.010	6.43	6.47	6.67
Belgium		7.000	05/06	102.0900	+0.250	6.70	6.78	6.83
Canada *		7.000	12/06	95.2400	-0.230	7.67	7.72	7.91
Denmark		8.000	03/06	104.4600	-0.120	7.33	7.38	7.58
France	BTAN	5.750	03/01	101.1790	-0.060	5.40	5.51	5.69
	OAT	7.250	04/06	106.3600	+0.040	6.35	6.43	6.59
Germany Bund		6.250	04/06	99.2200	+0.270	6.35	6.45	6.65
Ireland		8.000	08/06	102.6800	-0.140	7.61	7.84	7.84
Italy		9.500	02/06	101.8300	-0.230	9.21†	9.44	9.62
Japan	No 140	6.600	06/01	118.8063	-0.040	2.32	2.43	2.29
	No 182	3.000	09/05	97.8262	-0.070	3.31	3.38	3.20
Netherlands		6.000	01/06	97.7800	+0.240	6.31	6.40	6.56
Portugal		11.875	02/05	119.0900	-0.200	8.61	8.71	8.85
Spain		8.800	04/06	100.3900	-0.250	8.71	8.84	9.21
Sweden		6.000	02/05	86.4375	-0.270	8.27	8.35	8.60
UK Gilts		8.000	12/00	103-02	-2/32	7.16	7.15	7.37
		7.500	12/06	97-05	-4/32	7.90	7.93	8.11
		9.000	10/08	107-16	-4/32	8.01	8.05	8.22
US Treasury *		7.000	07/06	101-10	-5/32	6.80	6.85	6.97
		6.000	02/26	87-23	-7/32	6.99	7.02	7.11
ECU (French Govt)		7.500	04/05	104.3900	-0.230	6.81	6.88	7.09

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest — Treasury Bills and Bond Yields

Prime rate	8¼	One month	-	Two year	6.28
Broker loan rate	7	Two month	-	Three year	6.43
Fed.funds	5⅛	Three month	5.31	Five year	6.64
Fed.funds at intervention	[illegible]	Six month	5.59	10-year	6.86
		One year	[illegible]	30-year	[illegible]

BOND FUTURES AND OPTIONS

[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Sep	Calls Oct	Calls Nov	Calls Dec	Puts Sep	Puts Oct	Puts Nov	Puts Dec
9700	0.58	0.42	0.61	0.75	0.43	1.19	1.38	1.52
9750	0.34	0.28	0.44	0.56	0.69	1.55	1.71	1.83
9800	0.18	0.17	0.31	0.42	1.03	1.94	2.08	2.19

Est. vol. total, Calls 15718 Puts 20698. Previous day's open int., Calls 139[illegible]1 Puts 143647

Italy; Spain; UK; Ecu; US; Japan; France; Germany — [illegible]

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Jul 25	Day's change %	Wed Jul 24	Accrued interest	xd adj. ytd
1 Up to 5 years (22)	122.22	-0.03	122.36	2.78	5.12
2 5-15 years (20)	146.8[illegible]	-0.18	145.94	2.34	6.39
3 Over 15 years (8)	161.54	-0.17	161.81	3.55	6.43
4 Irredeemables (6)	162.97	-0.53	163.84	2.80	7.36
5 All stocks (56)	142.16	-0.13	142.34	2.76	5.96

	Low coupon yield Jul 25	Jul 24	Yr. ago	Medium coupon yield Jul 25	Jul 24	Yr. ago	High coupon yield Jul 25	Jul 24	Yr. ago
5 yrs	7.31	7.27	7.83	7.35	7.31	7.95	7.43	7.39	7.93
15 yrs	8.13	8.09	8.23	8.13	8.11	8.26	8.20	8.17	8.37
20 yrs	8.22	8.18	8.25	8.21	8.18	8.27	8.27	8.23	8.39
Irred.†	8.27	8.23	8.36						

Index-linked — [illegible]

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Dollar wilts as Buba leaves rates unchanged

By Philip Gawith

The Bundesbank yesterday delivered a sharp shock to the foreign exchanges with its decision to leave interest rates *unchanged* ahead of its summer recess.

Numerous comments in recent days from senior Bundesbank officials had led markets to expect a cut in the repo rate. When it was left unchanged, the dollar fell sharply to around DM1.4715, from DM1.4850, before recovering slightly to close at DM1.4784. Against the yen it closed at Y108.215, from Y108.02 on Wednesday.

The D-Mark made ground across the board, with most of the high-yielders losing ground. The lira fell to L1,027, from L1,020, against the D-Mark. The D-Mark also made good gains against the yen, finishing at Y73.20, from Y72.62. This helped keep the dollar firmer against the yen.

Sterling lost one pfennig against the D-Mark, finishing at *DM2.3019*, from *DM2.3121*, but was firmer against the dollar at $1.5571 from $1.5542.

■ If policy decisions can be assessed in terms of whether they generate or reduce tension, yesterday's effort from the Bundesbank was clearly in the former category. It was no surprise that analysts were predicting that options volatility would jump.

In her note entitled "Men Behaving Badly", Ms Alison Cottrell at Paine Webber in London said the Bundesbank's decision had clearly left the dollar and European crosses vulnerable. "The Bundesbank *has, in effect, passed the onus* of dollar support over to the US, a dangerous game to play with the German economy in a US election year." German exporter confidence is closely tied to the dollar/D-Mark rate, and exports have been the main fuel of growth recently.

Paine Webber is predicting a further cut in the repo rate, but Ms Cottrell *said the danger* was that any evidence of economic strength would elicit a chorus of "no more easing....each rendition of which will saw off one more splinter from the branch on which the US dollar is precariously perched."

■ If the first half of the year was characterised by widespread optimism about the outlook *for the dollar, albeit* peppered with pockets of scepticism, the price action in recent weeks has removed any pretense of consensus.

Unsurprisingly, key protagonists have taken up familiar positions. Mr Paul Chertkow, head of *global* currency research at UBS in London, continues to fly the dollar-bull flag. He is standing by his end *of year forecasts of DM1.60* and Y116.

He cites the following factors in support of his view:

* the reappointment in Japan of Mr Sakakibara – "the architect of the dollar recovery".

* weakness in the Japanese stock market. He pointed out that this was the direct cause last year of US and Japanese authorities stepping up their efforts to support the dollar. "If there is any correlation between the dollar and the equity market, it is with the Japanese equity market."

* there is a very strong correlation *between the trade*-weighted yen index and the Japanese current account (where the surplus is continuing to trend lower). There is "no" correlation between the US current account and the performance of the trade-weighted dollar.

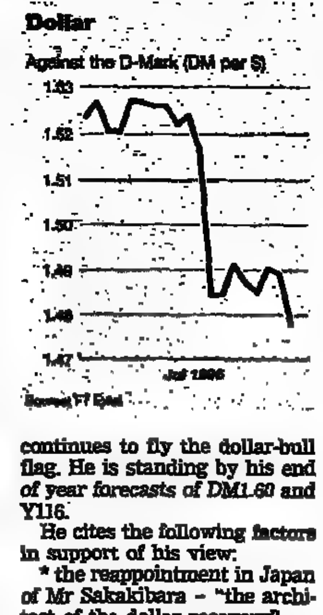
Mr Chertkow said the 1994/5 experience, where the dollar's decline was linked to its use as a trade weapon, was unlikely to be repeated because China was the current focus of trade tensions and its currency is not convertible.

By contrast, Citibank remains resolutely bearish, predicting the dollar at DM1.35 and Y100 in six months time.

Mr Michael Burke, economist at Citibank in London, said, contrary to Mr Chertkow, that "the troubling fact for dollar bulls is that there has not been a significant amount of cutting back on long dollar positions."

Two other factors informed his view: the deterioration in the US trade balance, and the *"very troubling outlook for US* asset markets," assuming the Fed raises rates when it meets again on August 20. He said there was no incentive for foreigners to add to their positions, and there is evidence of an outflow of US funds to avoid falling domestic markets.

Despite his longer term pessimism, Mr Burke said the dollar would probably hold its current position so long as the market believes the Fed will raise rates.



■ Pound in New York

Jul 25	Latest	Prev. close
£ spot	1.5580	1.5525
1 mth	1.5586	1.5520
3 mth	1.5585	1.5520
1 yr	1.5606	1.5540

■ OTHER CURRENCIES

Jul 25	£	$
Czech Rp	41.3277 - 41.4139	26.5300 - 26.5900
Hungary	231.793 - 232.005	148.910 - 148.960
Iran	4672.50 - 4689.80	3000.00 - 3000.00
Kuwait	0.4650 - 0.4660	0.2987 - 0.2992
Poland	4.3028 - 4.2115	2.7000 - 2.7040
Russia	8053.85 - 8063.18	5174.00 - 5177.00
U.A.E.	5.7171 - 5.7209	3.6728 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Jul 25		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.1994	-0.0718	923 - 065	16.2368	16.1694	16.1662	2.3	16.0932	2.6	-	-	105.4
Belgium	(BFr)	47.4745	-0.1913	296 - 193	47.7200	47.3340	47.3795	2.4	47.1895	2.4	46.3995	2.3	107.2
Denmark	(DKr)	8.8830	-0.034	781 - 879	8.9595	8.8658	8.8692	1.9	8.8489	1.6	8.7411	1.8	108.2
Finland	(FM)	6.9917	-0.0402	849 - 985	7.0650	6.9620	6.9873	0.8	6.9782	0.7	-	-	85.2
France	(FFr)	7.8045	-0.0269	008 - 081	[illegible]	7.7815	7.7923	1.9	7.7695	1.8	7.6761	1.6	109.9
Germany	(DM)	2.3019	-0.0102	005 - 032	2.3167	2.2972	2.2974	2.3	2.2884	2.3	2.2496	2.3	109.4
Greece	(Dr)	365.748	-1.22	502 - 994	369.894	364.237	-	-	-	-	-	-	67.5
Ireland	(I£)	0.9618	-0.001	603 - 628	0.9654	0.9590	0.9613	0.6	0.9601	0.7	0.9556	0.6	99.7
Italy	(L)	2353.68	+5.8	230 - 505	2357.67	2346.62	2359.23	-2.8	2379.08	-2.8	2411.58	-2.0	75.9
Luxembourg	(LFr)	47.4745	-0.1913	296 - 193	47.7200	47.3340	47.3795	2.4	47.1895	2.4	46.4046	2.3	107.2
Netherlands	(Fl)	2.5855	-0.0102	840 - 870	2.6059	2.5704	2.5794	2.8	2.5675	2.8	2.5187	2.6	107.4
Norway	(NKr)	9.9053	-0.0336	966 - 140	9.9909	9.8317	9.8968	1.0	9.8795	1.0	9.7985	1.1	99.0
Portugal	(Es)	236.672	-1.152	525 - 818	238.276	236.369	237.097	-2.2	238.002	-2.2	-	-	95.4
Spain	(Pta)	195.371	-0.368	276 - 466	196.408	194.971	195.631	-1.6	196.146	-1.6	197.546	-1.1	80.5
Sweden	(SKr)	10.1987	+0.0087	879 - 094	10.2307	10.1660	10.199	0.0	10.1991	0.0	10.1971	0.0	89.7
Switzerland	(SFr)	1.8780	-0.005	760 - 799	1.8878	1.8719	1.874	3.2	1.8682	3.4	1.815	3.4	112.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.8
Ecu	-	1.2236	-0.0046	229 - 245	1.2300	1.2208	1.2223	1.3	1.2196	1.4	1.206	1.4	-
SDR†	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5549	+0.0029	545 - 555	1.5618	1.5524	-	-	-	-	-	-	-
Brazil	(R$)	1.5702	+0.0028	695 - 709	1.5748	1.5655	-	-	-	-	-	-	-
Canada	(C$)	2.1382	+0.006	372 - 392	2.1445	2.1265	2.1375	0.4	2.1336	0.8	2.1258	0.6	83.7
Mexico	(New Peso)	11.8141	-0.0231	068 - 214	11.8650	11.8068	-	-	-	-	-	-	-
USA	($)	1.5571	+0.0029	566 - 575	1.5618	1.5522	1.5566	0.4	1.5579	-0.1	1.5587	-0.1	96.0
Pacific/Middle East/Africa													
Australia	(A$)	1.9783	+0.0126	771 - 795	1.9813	1.9594	1.9808	-1.5	1.9859	-1.5	2.0111	-1.7	92.1
Hong Kong	(HK$)	12.0412	+0.0222	369 - 454	12.0771	12.0047	12.0381	0.3	12.0215	0.7	12.0017	0.3	-
India	(Rs)	55.5090	+0.2598	815 - 364	55.6780	55.1630	-	-	-	-	-	-	-
Israel	(Shk)	4.9270	+0.0027	231 - 309	4.9383	4.9146	-	-	-	-	-	-	-
Japan	(Y)	168.495	+0.617	409 - 584	168.790	167.460	167.771	5.2	166.261	5.3	159.368	5.1	133.8
Malaysia	(M$)	3.8772	+0.0109	753 - 791	3.8966	3.8639	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2361	+0.0028	335 - 388	2.2424	2.2318	2.2401	-2.7	2.2495	-2.8	2.2884	-2.2	108.6
Philippines	(Peso)	40.7870	+0.0836	362 - 377	40.8720	40.7223	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8397	+0.0109	377 - 417	5.8572	5.8217	-	-	-	-	-	-	-
Singapore	(S$)	2.2040	+0.0027	026 - 054	2.2098	2.1976	-	-	-	-	-	-	-
South Africa	(R)	6.8928	+0.0157	884 - 962	6.9110	6.8729	-	-	-	-	-	-	-
South Korea	(Won)	1268.19	+0.72	582 - 667	1269.74	1262.56	-	-	-	-	-	-	-
Taiwan	(T$)	42.8583	+0.0255	081 - 045	42.9511	42.7365	-	-	-	-	-	-	-
Thailand	(Bt)	39.3654	+0.092	462 - 845	39.4960	39.2690	-	-	-	-	-	-	-

† Rates for Jul 24. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jul 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.4038	-0.0664	004 - 074	10.4950	10.3660	10.3844	2.2	10.3424	2.4	10.1589	2.4	106.1
Belgium	(BFr)	30.4900	-0.18	700 - 100	30.7340	30.3520	30.435	2.2	30.32	2.2	29.78	2.3	106.6
Denmark	(DKr)	5.7050	-0.0325	015 - 085	5.7529	5.6810	5.6975	1.5	5.6906	1.7	5.6115	1.6	107.2
Finland	(FM)	4.4904	-0.0342	873 - 934	4.5345	4.4755	4.4859	1.7	4.4719	1.6	4.4264	1.4	83.9
France	(FFr)	5.0124	-0.0266	115 - 132	5.0500	4.9927	5.0056	1.7	4.9912	1.7	4.9234	1.8	109.3
Germany	(DM)	1.4784	-0.0065	779 - 788	1.4914	1.4723	1.4759	2.0	1.4701	2.2	1.4419	2.5	108.5
Greece	(Dr)	235.840	-1.225	450 - 930	238.180	233.830	237.215	-8.5	240.565	-8.6	254.54	-8.1	66.9
Ireland	(I£)	1.6190	+0.0048	180 - 200	1.6220	1.6130	1.6196	-0.4	1.6204	-0.4	1.6119	0.4	-
Italy	(L)	1516.05	+0.9	760 - 850	1521.42	1506.75	1522.8	-3.8	1530.95	-3.4	1553.7	-2.5	78.7
Luxembourg	(LFr)	30.4900	-0.18	700 - 100	30.7340	30.3520	30.437	2.1	30.3305	2.1	29.85	2.1	106.8
Netherlands	(Fl)	1.6605	-0.0087	600 - 610	1.6788	1.6540	1.6572	2.4	1.6501	2.5	1.6183	2.6	106.5
Norway	(NKr)	6.3616	-0.0355	570 - 663	6.4305	6.3197	6.3598	0.8	6.3531	0.5	6.3168	0.7	98.0
Portugal	(Es)	152.000	-1.025	950 - 050	153.230	151.470	152.315	-2.5	152.905	-2.4	155.05	-2.0	95.6
Spain	(Pta)	125.475	-0.47	450 - 500	126.290	125.050	125.725	-2.4	126.155	-2.2	127.695	-1.8	80.3
Sweden	(SKr)	6.5500	-0.0079	450 - 550	6.5864	6.5232	6.5491	0.2	6.5514	-0.1	6.5265	0.4	89.4
Switzerland	(SFr)	1.2068	-0.0054	065 - 070	1.2153	1.1985	1.2033	3.5	1.1958	3.6	1.1623	3.7	112.1
UK	(£)	1.5571	+0.0029	566 - 575	1.5618	1.5522	1.5566	0.4	1.5578	-0.1	1.5585	-0.1	84.7
Ecu	-	1.2726	+0.0074	722 - 729	1.2778	1.2624	1.2733	-0.7	1.275	-0.8	1.2838	-0.9	-
SDR†	-	0.68590	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-	995 - 997	1.0000	0.9990	-	-	-	-	-	-	-
Brazil	(R$)	1.0085	-0.0001	083 - 086	1.0087	1.0082	-	-	-	-	-	-	-
Canada	(C$)	1.3733	+0.0013	730 - 735	1.3737	1.3701	1.3731	0.1	1.3734	0.0	1.3762	-0.2	83.1
Mexico	(New Peso)	7.5875	-0.029	850 - 900	7.5910	7.5840	7.749	-25.5	7.934	-18.3	8.8875	-27.8	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.2
Pacific/Middle East/Africa													
Australia	(A$)	1.2705	+0.0058	702 - 710	1.2723	1.2686	1.2725	-1.9	1.276	-1.7	1.2947	-1.9	94.2
Hong Kong	(HK$)	7.7333	-0.0002	328 - 338	7.7339	7.7327	7.734	-0.1	7.7359	-0.1	7.7628	-0.4	-
India	(Rs)	35.6500	+0.1	500 - 800	35.8700	35.4300	35.8	-5.0	36.105	-5.1	37.575	-5.4	-
Israel	(Shk)	3.1643	-0.0042	627 - 659	3.1716	3.1560	-	-	-	-	-	-	-
Japan	(Y)	108.215	+0.195	190 - 240	108.480	107.750	107.77	4.9	106.87	5.0	103.13	4.7	134.5
Malaysia	(M$)	2.4901	+0.0024	896 - 906	2.4906	2.4885	2.491	-0.4	2.4971	-1.1	2.5206	-1.2	-
New Zealand	(NZ$)	1.4355	-0.0013	347 - 362	1.4378	1.4340	1.4384	-2.8	1.4442	-2.5	1.4686	-2.3	-
Philippines	(Peso)	26.1950	+0.005	700 - 200	26.2200	26.1700	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 507	3.7508	3.7503	3.751	-0.1	3.7517	-0.1	3.755	-0.1	-
Singapore	(S$)	1.4155	-0.0009	150 - 160	1.4173	1.4145	1.412	3.0	1.406	2.7	1.3805	2.5	-
South Africa	(R)	4.4265	+0.0025	240 - 290	4.4305	4.4230	4.474	-12.9	4.564	-12.4	4.9015	-10.7	-
South Korea	(Won)	813.200	-1.05	000 - 400	814.600	813.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.5240	-0.036	010 - 470	27.5810	27.5000	27.529	-0.2	27.534	-0.1	-	-	-
Thailand	(Bt)	25.2820	+0.012	770 - 870	25.3800	25.2670	25.3807	-4.7	25.5645	-4.8	26.467	-4.7	-

† SDR rate per $ for Jul 24. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jul 24: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

July 25	Over night	One month	Three mths	Six mths	One year	Lomb. inter	Dis. rate	Repo rate
Belgium	3¼	3⅜	3⅜	3⅜	3⅝	7.00	2.50	-
week ago	3¼	3⅜	3⅜	3⅜	3⅝	7.00	2.50	-
France	3⅝	3⅜	3⅝	3⅝	3⅞	3.55	-	5.60
week ago	3⅞	3⅞	3⅝	3⅞	4⅛	3.55	-	5.60
Germany	3⅛	3⅜	3⅜	3½	3⅞	4.50	2.50	3.30
week ago	3⅜	3⅜	3⅜	3⅜	3½	4.50	2.50	3.30
Ireland	5⅜	5½	5½	5⅝	5⅞	-	-	6.25
week ago	5⅞	5¾	5½	5⅝	5⅞	-	-	6.25
Italy	8⅞	8⅝	8½	8½	8⅜	-	8.25	8.55
week ago	9⅛	8⅞	8⅝	8¾	8⅝	-	9.00	9.30
Netherlands	2⅞	2⅞	3	3⅛	3⅜	-	3.00	3.30
week ago	2⅝	2⅞	3⅛	3¼	3½	-	3.00	3.30
Switzerland	1⅞	2¼	2½	2⅝	2⅞	5.00	1.50	-
week ago	1⅞	2¼	2½	2⅝	2¾	5.00	1.50	-
US	5⅝	5⅜	5⅝	5⅞	6⅛	-	5.00	-
week ago	5⅜	5⅜	5⅝	5⅞	6⅛	-	5.00	-
Japan	½	⅜	½	¾	1⅛	-	0.50	-
week ago	½	⅜	⅝	¾	1⅛	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅜	5⅝	5⅞	6⅛	-	-	-
week ago	-	5⅜	5⅝	5⅞	6⅛	-	-	-
US Dollar CDs	-	5.17	5.34	5.47	5.76	-	-	-
week ago	-	5.17	5.34	5.46	5.75	-	-	-
ECU Linked Ds	-	4⅜	4⅜	4⅜	4⅜	-	-	-
week ago	-	4⅜	4½	4⅜	4⅜	-	-	-
SDR Linked Ds	-	3¼	3⅜	3½	3⅝	-	-	-
week ago	-	3¼	3⅜	3⅜	3⅝	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jul 25	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜	3⅝ - 3½
Danish Krone	4⅜ - 4¼	3¾ - 3⅝	3⅝ - 3½	3⅝ - 3½	4⅛ - 3⅞	4⅛ - 4
D-Mark	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜	3⅞ - 3¾
Dutch Guilder	3 - 2⅞	2⅞ - 2¾	3 - 2⅞	3⅛ - 3	3¼ - 3⅛	3⅝ - 3½
French Franc	3⅝ - 3½	3⅞ - 3¾	3⅞ - 3¾	3⅞ - 3¾	3⅞ - 3¾	4⅛ - 4
Portuguese Esc.	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7½ - 7⅜
Spanish Peseta	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7⅜ - 7¼	7½ - 7⅜
Sterling	6⅛ - 5⅞	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	6⅛ - 6
Swiss Franc	2⅛ - 2	2½ - 2⅜	2½ - 2⅜	2⅝ - 2½	2¾ - 2⅝	2⅞ - 2¾
Can. Dollar	4½ - 4⅜	4⅝ - 4½	4⅝ - 4½	4¾ - 4⅝	4⅞ - 4¾	5¼ - 5⅛
US Dollar	5⅜ - 5¼	5⅜ - 5¼	5⅜ - 5¼	5⅝ - 5½	5⅞ - 5¾	6⅛ - 6
Italian Lira	8⅞ - 8⅝	8⅞ - 8⅝	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½
Yen	½ - ⅜	½ - ⅜	½ - ⅜	⅝ - ½	¾ - ⅝	1⅛ - 1
Asian $Sing	3⅜ - 3¼	3⅜ - 3¼	3½ - 3⅜	3½ - 3⅜	3⅝ - 3½	3⅞ - 3¾

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr 5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.19	96.10	-0.10	96.19	96.08	54,787	[illegible]
Dec	96.08	96.00	-0.10	96.10	95.98	21,598	[illegible]
Mar	95.90	95.84	-0.07	95.90	95.79	9,159	[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	96.72	96.67	-0.06	96.74	96.65	55184	176415
Dec	96.62	96.56	-0.06	96.65	96.52	65566	210074
Mar	96.38	96.37	-0.03	96.41	96.28	45957	189910
Jun	96.07	96.06	-0.03	96.10	95.98	33272	117323

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	91.84	91.71	-0.16	91.88	91.69	20177	57310
Dec	92.26	92.14	-0.15	92.29	92.14	13205	36451
Mar	92.39	92.30	-0.12	92.45	92.28	5484	24437
Jun	92.34	92.29	-0.09	92.41	92.29	1646	13430

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	97.44	97.43	-0.02	97.47	97.35	6817	30441
Dec	97.34	97.31	-0.04	97.36	97.25	5128	24942
Mar	97.15	97.12	-0.03	97.16	97.10	1163	9784
Jun	96.86	96.85	-0.03	96.89	96.83	484	2351

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	99.12	-	99.12	99.12	50	n/a
Dec	98.79	98.79	-0.03	98.80	98.79	195	n/a
Mar	[illegible]	98.50	-0.03	98.50	98.50	100	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.68	95.62	-0.07	95.68	95.61	1789	8838
Dec	95.66	[illegible]	-0.06	95.67	95.58	731	5365
Mar	95.48	95.43	-0.04	95.47	95.42	211	2843
Jun	95.20	95.16	-0.04	95.20	95.16	132	2705

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

July 25		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.71	16.44	4.849	2.027	4960	5.446	20.87	498.6	411.6	21.49	3.958	2.107	4.504	3.280	355.0	2.578
Denmark	(DKr)	53.44	10	8.786	2.591	1.083	2651	2.911	11.15	266.5	220.0	11.48	2.115	1.126	2.407	1.753	189.7	1.378
France	(FFr)	60.82	11.38	10	2.949	1.233	3020	3.313	12.69	303.3	250.4	13.07	2.407	1.281	2.739	1.995	215.9	1.568
Germany	(DM)	20.62	3.859	3.391	1	0.418	1027	1.123	4.303	102.8	84.88	4.431	0.816	0.434	0.929	0.676	73.20	0.532
Ireland	(I£)	49.35	9.234	8.113	2.393	1	2457	2.688	10.30	246.0	203.1	10.60	1.953	1.040	2.222	1.619	175.2	1.272
Italy	(L)	2.008	0.376	0.330	0.097	0.041	100.	0.109	0.419	10.01	8.266	0.431	0.079	0.042	0.090	0.066	7.128	0.052
Netherlands	(Fl)	18.36	3.435	3.018	0.890	0.372	914.2	1	3.830	91.55	75.56	3.944	0.727	0.387	0.827	0.602	65.16	0.473
Norway	(NKr)	47.93	8.968	7.880	2.324	0.971	2387	2.611	10	239.0	197.3	10.30	1.897	1.010	2.159	1.572	170.1	1.236
Portugal	(Es)	20.05	3.753	3.297	0.973	0.406	998.7	1.093	4.185	100.	82.55	4.309	0.794	0.422	0.903	0.658	71.19	0.517
Spain	(Pta)	24.29	4.546	3.994	1.178	0.492	1210	1.323	5.069	121.1	100.	5.220	0.962	0.512	1.094	0.797	86.23	0.626
Sweden	(SKr)	46.54	8.709	7.652	2.257	0.943	2318	2.535	9.711	232.1	191.6	10	1.842	0.980	2.096	1.526	165.2	1.200
Switzerland	(SFr)	25.26	4.728	4.154	1.225	0.512	1258	1.376	5.271	126.0	104.0	5.428	1	0.532	1.138	0.829	89.68	0.651
UK	(£)	47.47	8.883	7.805	2.302	0.962	2354	2.586	9.905	236.7	195.4	10.20	1.879	1	2.138	1.557	168.5	1.224
Canada	(C$)	22.20	4.155	3.651	1.077	0.450	1106	1.210	4.633	110.7	91.39	4.771	0.879	0.468	1	0.729	78.81	0.572
US	($)	30.49	5.705	5.013	1.478	0.618	1518	1.661	6.362	152.0	125.5	6.551	1.207	0.642	1.373	1	108.2	0.786
Japan	(Y)	28.17	5.272	4.632	1.366	0.571	1403	1.535	5.876	140.5	116.0	6.053	1.115	0.593	1.269	0.924	100.	0.726
Ecu		38.78	7.257	6.377	1.881	0.786	1931	2.113	8.092	193.4	159.6	8.333	1.535	0.817	1.747	1.272	137.7	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6740	0.6787	+0.0051	0.6814	0.6727	18,948	65,799
Dec	0.6842	0.6834	+0.0058	0.6842	0.6826	399	5,187
Mar	-	0.6924	-	-	-	280	632

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.8274	0.8313	+0.0044	0.8368	0.8260	15,748	[illegible]
Dec	0.8400	0.8375	+0.0041	0.8415	0.8390	84	2,062
Mar	-	0.8436	+0.0038	0.8480	-	5	99

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.9269	0.9325	+0.0034	0.9345	0.9288	16,554	66,875
Dec	0.9440	0.9440	+0.0033	0.9440	0.9440	22	[illegible]
Mar	-	0.9521	-	-	0.9530	2	142

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5518	1.5574	+0.0058	1.5598	1.5512	5,583	52,131
Dec	1.5570	1.5560	+0.0054	1.5580	1.5586	39	1,155
Mar	-	1.5600	+0.0066	1.5600	-	1	6

UK INTEREST RATES

LONDON MONEY RATES

Jul 25	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¼ - 5½	5⅞ - 5⅝	5¾ - 5⅝	5¾ - 5⅝	5¾ - 5⅝	6⅛ - 5⅞
Sterling CDs	-	-	5⅝ - 5⅝	5⅝ - 5⅝	5⅝ - 5⅝	6 - 5⅞
Treasury Bills	-	-	5⅝ - 5⅝	5⅝ - 5½	-	-
Bank Bills	-	-	5⅝ - 5⅝	5⅝ - 5⅝	5⅝ - 5⅝	-
Local authority deps.	5¾ - 5⅝	5¾ - 5⅝	5¾ - 5⅝	5¾ - 5⅝	5¾ - 5⅝	6 - 5⅞
Discount Market deps	6 - 5¾	5⅞ - 5⅝	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from June 8, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount on Jul 19, 5.4782pc. ECGD fixed rate Stg. Export Finance. Make up day Jun 28, 1996. Agreed rate for period Jul 24, 1996 to Aug 25, 1996, Schemes II & III 7.20pc. Reference rate for period Jun 1, 1996 to Jun 28, 1996, Schemes IV & V 5.935pc. Finance House Base Rate 6pc from Jul 1, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.24	94.23	-0.02	94.25	94.22	15247	84427
Dec	94.14	94.14	-0.01	94.15	94.11	25074	99157
Mar	93.86	93.87	-	93.88	93.84	7649	65103
Jun	93.48	93.49	+0.02	93.50	93.45	6930	45382
Sep	93.05	93.07	+0.01	93.08	93.03	3279	31548

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9400	0.25	0.28	0.25	0.02	0.14	0.38
9425	0.08	0.13	0.14	0.10	0.24	0.52
9450	0.02	0.05	0.09	0.29	0.41	0.71

Est. vol. total, Calls 13532 Puts 6174. Previous day's open int., Calls 122236 Puts 114922

EMS EUROPEAN CURRENCY UNIT RATES

Jul 25	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.13889	-0.00239	-0.62	1.48	5
Spain	162.493	161.540	+0.107	-0.59	1.45	4
Belgium	39.3960	39.2521	-0.0667	-0.37	1.23	3
Germany	1.91007	1.90483	-0.00288	-0.27	1.13	3
Austria	13.4383	13.4055	-0.0197	-0.24	1.10	2
Portugal	195.792	195.918	-0.243	0.06	0.79	-0
Ireland	0.792214	0.796899	+0.001856	0.59	0.26	-4
France	6.40608	6.45748	-0.00295	0.80	0.05	-7
Denmark	7.28580	7.34823	-0.00924	0.86	0.00	-8
NON ERM MEMBERS						
Greece	292.867	303.341	+0.02	3.58	-2.63	-
Italy	2106.15	1954.07	+13.44	-7.22	8.71	-
UK	0.786652	0.828079	+0.002345	5.27	-4.19	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Aug	CALLS Sep	CALLS Oct	PUTS Aug	PUTS Sep	PUTS Oct
1.520	3.17	3.37	-	0.01	0.23	0.49
1.530	2.33	2.58	-	0.08	0.44	0.75
1.540	1.55	2.00	2.28	0.30	0.74	1.09
1.550	0.92	1.59	1.72	0.67	1.17	1.52
1.560	0.48	0.90	1.26	1.27	1.71	2.05

Previous day's vol., Calls 4,532 Puts 4,414. Prev. day's open int., Calls 170,440 Puts 135,689

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.22	94.20	-0.01	94.22	94.19	82,903	407,374
Dec	93.89	93.88	-0.01	93.91	93.86	124,906	450,240
Mar	93.73	93.72	-0.01	93.76	93.69	128,562	270,235

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	94.71	94.72	-	94.72	94.71	313	7,923
Dec	94.52	94.51	-0.01	94.52	94.50	49	1,571
Mar	-	94.31	-	-	-	285	373

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Aug	CALLS Sep	CALLS Oct	CALLS Dec	PUTS Aug	PUTS Sep	PUTS Oct	PUTS Dec
9650	0.18	0.20	0.15	0.21	0.01	0.03	0.08	0.13
9675	0.01	0.04	0.05	0.09	0.09	0.12	0.22	0.28
9700	0	0.01	0.01	0.02	0.33	0.34	0.44	0.46

Est. vol. total, Calls 2297 Puts 12033. Previous day's open int., Calls 284697 Puts 304491

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9750	0.08	0.11	0.13	0.15	0.30	0.51
9775	0.02	0.05	0.06	0.34	0.49	0.69

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 6380 Puts 5992

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Sep	CALLS Dec	CALLS Mar	PUTS Sep	PUTS Dec	PUTS Mar
9150	0.31	0.74	0.96	0.10	0.10	0.16
9175	0.15	0.56	0.78	0.19	0.17	0.23
9200	0.05	0.40	0.61	0.34	0.26	0.31

Est. vol. total, Calls 3225 Puts 2700. Previous day's open int., Calls 62721 Puts 27647

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	Royal Bk of Scotland	5.75
Allied Trust Bank	5.75	Exeter Bank Limited	5.75	•Singer & Friedlander	5.75
AIB Bank	5.75	Financial & Gen Bank	5.75	•Smith & Williamson Secs	5.75
•Henry Ansbacher	5.75	•Robert Fleming & Co	5.75	Scottish Widows Bank	5.75
Bank of Baroda	5.75	Girobank	5.75	TSB	5.75
Banco Bilbao Vizcaya	5.75	•Guinness Mahon	5.75	United Bank of Kuwait	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Unity Trust Bank Plc	5.75
Bank of Ireland	5.75	•Hambros Bank	5.75	Western Trust	5.75
Bank of India	5.75	Heritable & Gen Inv Bk	5.75	Whiteaway Laidlaw	5.75
Bank of Scotland	5.75	•Hill Samuel	5.75	Yorkshire Bank	5.75
Barclays Bank	5.75	C. Hoare & Co	5.75		
Brit Bk of Mid East	5.75	Hongkong & Shanghai	5.75		
•Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75	• Members of London Investment Banking Association	
Citibank NA	5.75	•Leopold Joseph & Sons	5.75	* In administration	
Clydesdale Bank	5.75	Lloyds Bank	5.75		
The Co-operative Bank	5.75	Meghraj Bank Ltd	5.75		
Coutts & Co	5.75	Midland Bank	5.75		
Credit Lyonnais	5.75	•Mount Banking	[illegible]		
Cyprus Popular Bank	5.75	NatWestminster	5.75		
		•Rea Brothers	5.75		

COMMODITIES AND AGRICULTURE

MARKET REPORT

Copper price bursts through $2,000 barrier

By Kenneth Gooding, Mining Correspondent

COPPER's price burst through the psychologically important $2,000 a tonne level in inter-office trading after the London Metal Exchange had closed last night. Some analysts said short term fundamental factors suggested that the metal's price could go higher.

Traders said the next move would depend on today's announcement about LME stock. They expected another small fall following the 4,625 drop recorded on Tuesday.

They suggested that certain banks were using the low stock levels to squeeze the market.

At one point the premium for immediate delivery compared with three-month metal went to $120 a tonne. By the official close it was back to $94.

Mr Wiktor Bielski, analyst at Bain & Co, a Deutsche Bank subsidiary, said total copper stocks were equivalent to only 3.6 weeks consumption, only marginally above the previous critical level of 3.5 weeks.

He said the pressure on prices to re-align with the short term fundamentals would become too strong to ignore in the weeks ahead, even in the seasonally slow northern hemisphere summer period. "We expect a return to the $1 a pound ($2,204 a tonne) level sooner rather than later, with further gains in the fourth quarter as the market tightens even further."

However, Mr William Adams, analyst at Rudolf Wolff, part of Canada's Noranda group, suggested in a special review, that the price rebound was likely to be short-lived. He said copper might go to $2,500 a tonne but this "would be seen as a good long term selling opportunity".

Over the next few years substantial supply surpluses would build up. Consequently, he estimated "a fair average price" for copper was $1,785 this year, $1,685 next year and $1,620 in 1998.

Analysts forecast aluminium price rally by end of 1996

By Kenneth Gooding

There are as yet few signs of a revival in global demand for aluminium, analysts suggest, but they expect prices to recovery sharply towards the end of this year.

"In the second half, underlying consumption should grow along with continuing economic growth and, with consumer and pipeline stocks almost empty, demand for primary aluminium should bounce back. In turn, this should provide the base for a price rally later in the year," says Mr Wiktor Bielski, analyst at Bain & Co, a Deutsche Bank subsidiary.

Mr Jim Lennon at Macquarie Equities, part of the Australian banking group, says that so far there is no sign of an recovery in demand in the important Western European market which accounts for about 30 per cent of aluminium demand. But "we remain bullish about aluminium's prospects towards the end of this year. However, we are still waiting for the turnround in European demand that is necessary to turn the market firmly into a supply deficit".

At Rudolf Wolff, part of Canada's Noranda natural resources group, analyst Mr Martin Squires suggests that aluminium prices could be weak for another two months, and may even go as low at $1,400 a tonne.

He says the fall in prices has been triggered by a slowing of global economic activity which led to a supply surplus in the past nine months – also partly caused by the re-starting of capacity shut down in the early 1990s – and by a build up of surplus stocks at consumers. Nevertheless, with little new capacity coming on stream and exports from Russian to western markets expected to remain flat at about 2.1m tonnes a year, Mr Squires says in the last quarter of 1996 prices should move back above $1,700 a tonne.

Mr Tony Bird, managing director of the Anthony Bird Associates independent consultancy, in his latest Aluminium Analysis report, points out that present relatively low prices might exacerbate the coming supply deficit.

"It is very difficult for aluminium companies to proceed with much needed new smelters in face of today's metal prices," he insists. Prices need to be between $1,655 and $1,855 to justify new smelting capacity. "They will be forced above that level before long."

Bird is forecasting that there will be a 64,000 tonnes supply surplus this year following a deficit of 440,000 tonnes in 1995. Aluminium prices should average $1,644 a tonne this year and rise to $2,023 in 1997 when Bird sees a supply deficit of 493,000 tonnes developing.

"When supply tightness is at its worst in early 1999, it is difficult to predict just how high prices could go," Mr Bird warns. He suggests for the whole of that year aluminium will average $2,698 a tonne.

Pakistani cotton farmers play for high stakes

The success of the crop is vital for the country's economy, writes Farhan Bokhari

Mr Sadiq Bhatti stretches out on a charpoy under a cluster of trees, in the blistering afternoon heat, next to his two-acre cotton field. The elderly Pakistani farmer, who has planted cotton for the first time this year, hopes to reap huge rewards, like those many of his friends made from last year's crop.

"I have planted cotton as an experiment," he says as he smokes his hookah. "If I succeed, I'll plant cotton across all my nine acres of crop land. . . I have spent a lot of money on seeds, pesticides and fertilisers, a large portion of my savings have gone to the cotton crop."

Both Mr Bhatti and his country have a lot staked on the cotton harvest. For the farmer, if the crop fails to come up to his expectations, he will probably not recover from the losses for a couple of years. For Pakistan, the success of this year's crop is vital for the future of the country's economy. Almost 60 per cent of Pakistan's exports are based on cotton products. Improved yields and a large harvest can lower the price of raw material in the local market and help cotton-using industries to widen their profit margins.

In 1995-96 (spring to spring) the Pakistani cotton crop recovered from a three year cycle of loss caused by frequent attacks of the notorious cotton leaf curl virus. That was the main reason that the cotton output exceeded the government's estimates and the country reaped over 10m bales (375lb each). The big crop was the single factor that raised GDP growth to over 6 per cent, from about 4.5 per cent a year earlier.

Growers and government are hoping for a repeat of last season's bumper harvest

But concerns have intensified over the expected yield from the next crop, largely due to early rainfalls this year. The monsoon, which began this month, was preceded by over a month of unexpected rains in parts of the Punjab province, which accounts for almost 80 per cent of Pakistan's cotton fields.

A senior government official in Faisalabad, the *de facto* capital of Pakistan's agricultural research, some 380km south of Islamabad, the federal capital, concedes that early rainfalls have intensified worries over possible pest attacks. He says: "There have been alarming reports from many areas over traces of pest attacks, its too early to say if there's a large storm looming ahead". That assessment has cast doubt on the country's ability to reap its target of almost 10.8m bales from the next crop.

Mr Mukhtar Ahmed Haleemi, director general of research at the government's powerful Ayub Agricultural Research Institute at Faisalabad, gives a more cautious assessment. "There's more humidity and warmth in the weather," he says. "Our experts are aware that a combination of humidity and warmth can lead to pest attacks." Mr Haleemi also suggests that it is still too early to conclude that a large scale pest attack is in progress.

But many other experts disagree. Reports of adulteration of pesticides and concern over the rising prices of chemical fertilisers have added to anxieties. Although many cotton farmers saw their profits triple after the last crop, compared with just a year before, some experts are bitter over the rising prices of urea and diammonium phosphate, which have risen by over 60 per cent in the past two to three years.

One agricultural scientist in Faisalabad says: "While farmers make money when there's a good cotton crop, there are also many among the poor farmers who are finding it increasingly difficult to keep up with the growing prices of fertilisers". The scientist is also bitter over reports of large scale adulteration of pesticides, which makes it increasingly difficult for farmers to secure a reliable defence against pest attack.

Mr Bhatti cites his own example. After he sprayed his crop recently he still found to his dismay that a local variety of pests kept on attacking his fields. He had to spray the crop a second time, the next day.

But Mr Haleemi says that recent development of new varieties, known to be more resistant to pest attacks, should help Pakistan's crop to recover recent losses. He also points out that the start of the cotton harvest is still four months away, enough time for the crop to recover from any initial damage.

Senior government officials are hoping that the cotton crop will recover from its damage of recent weeks, after the early rains, especially if this year's monsoon is not prolonged beyond the usual two- to three-month cycle. But one official in Faisalabad adds a note of caution.

"Nobody controls nature," he says. "We can only hope for the best."

Australian minister plans to stick to wool sell-off timetable

By Nikki Tait in Sydney

Mr John Anderson, Australia's new federal resources minister, says his "clear preference" is to stay with the existing legislated timetable for the sell-off of Australia's large wool stockpile.

Addressing the New South Wales Farmers' conference at the weekend, he admitted that it would still be technically possible to amend the timetable for sales – which requires 182,000 bales to be sold every quarter – in the next session of parliament, but said he would not entertain any changes that caused Australia to be subject to "further international ridicule".

"The main issue has to be maintaining confidence and re-establishing credibility" in the Australian industry, he stressed. The existing timetable lasts until July 1, 1997 and both the government and the industry are considering options after that. Growers are due to hold a conference in Canberra next month to discuss their preferred rate of sales from mid-1997 onwards, and a ministerial "round table", made up of all interested parties, is scheduled to address the issue on August 30.

Australia accounts for about 30 per cent of world wool production.

Mr Anderson also said that the government's expenditure review committee – which is trying to find federal budget cuts of A$8bn over the next two financial years – was "close to a decision" on whether to retain the $1.5bn-a-year diesel fuel rebate scheme. This is paid to diesel fuel users whose vehicles travel "off-road" – principally the farming and the mining industries.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1470.5-71.5	1505-06
Previous	1462.5-3.5	1498-9
High/low	1470	1510/1502
AM Official	1470-71	1505.5-06
Kerb close		1506.5-07
Open int.	231,100	
Total daily turnover	52,349	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1245-55	1260-65
Previous	1240-50	1275-85
High/low		1285/1280
AM Official	1253-58	1282-85
Kerb close		1280-85
Open int.	4,888	
Total daily turnover	464	

■ LEAD ($ per tonne)

Close	783-4	790-1
Previous	780-1	788-9
High/low	785	795/789
AM Official	784-5	792-3
Kerb close		795-6
Open int.	30,117	
Total daily turnover	5,677	

■ NICKEL ($ per tonne)

Close	7015-25	7130-35
Previous	6980-90	7095-100
High/low		7170/7110
AM Official	7005-10	7115-20
Kerb close		7130-40
Open int.	41,475	
Total daily turnover	5,029	

■ TIN ($ per tonne)

Close	6210-20	6270-75
Previous	6190-200	6250-60
High/low		6280/6260
AM Official	6215-20	6270-80
Kerb close		6275-80
Open int.	16,040	
Total daily turnover	2,872	

■ ZINC, special high grade ($ per tonne)

Close	1000-02	1026-27
Previous	998.5-9.5	1016-7
High/low		1032/1022
AM Official	999.5-1000.5	1026-26.5
Kerb close		1030-31
Open int.	64,207	
Total daily turnover	13,848	

■ COPPER, grade A ($ per tonne)

Close	2090-95	1978-79
Previous	2020-5	1927-9
High/low	2065/2065	1995/1945
AM Official	2083-85	1983-84
Kerb close		1990-91
Open int.	193,498	
Total daily turnover	92,127	

■ LME AM Official £/$ rate: 1.5605
LME Closing £/$ rate: 1.5580

Spot: 1.5570 3 mths: 1.5565 6 mths: 1.5572 9 mths: 1.5582

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	95.80	+2.00	97.20	94.50	348	1,346
Aug	95.70	+2.15	96.90	94.70	472	2,481
Sep	94.80	+2.00	95.90	92.55	6,262	19,946
Oct	93.80	+1.60	94.70	94.70	28	1,351
Nov	93.30	+2.00	94.40	93.00	2	1,131
Dec	92.40	+1.40	93.50	91.10	1,210	13,231
Total					8,534	67,238

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	384.90-385.20		
Opening	385.20-385.50		
Morning fix	385.05	247.73	468.87
Afternoon fix	384.80	246.97	463.65
Day's High	385.45-385.75		
Day's Low	384.70-385.00		
Previous close	384.20-384.60		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.54	6 months	4.11
2 months	4.45	12 months	4.05
3 months	4.41		

Silver Fix	p/troy oz.	US cts equiv.
Spot	320.55	498.65
3 months	324.65	504.85
6 months	328.60	511.25
1 year	337.25	525.20

Gold Coins	$ price	£ equiv.
Krugerrand	382.5-385.5	246-248
Maple Leaf	393.80-396.30	
New Sovereign	87-89	56-57

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	385.6	-0.5	-	-	10	-
Aug	385.7	-0.5	386.6	385.4	33,185	52,100
Oct	388.7	-0.4	389.5	388.4	1,047	10,082
Dec	391.1	-0.5	391.8	390.7	7,518	43,579
Feb	393.7	-0.5	393.4	393.4	1,012	8,707
Apr	396.1	-0.6	396.3	396.3	281	6,199
Total					43,338	178,741

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	399.7	+0.5	-	-	2	5
Oct	401.8	+0.5	402.8	400.1	2,084	20,409
Jan	404.7	+0.5	406.0	403.0	277	2,886
Apr	407.4	+0.5	408.9	408.9	3	2,249
Jul	410.4	+0.5	-	-	4	152
Total					2,366	25,706

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	132.35	-2.60	134.50	128.60	283	5,550
Dec	133.50	-2.60	135.75	132.50	103	1,322
Mar	134.60	-2.60	-	-	-	62
Jun	135.65	-2.60	-	-	-	107
Total					386	6,841

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	495.5	-2.3	-	-	20	84
Aug	498.8	-2.3	-	-	-	-
Sep	498.7	-2.3	501.5	497.5	8,471	66,357
Dec	506.6	-2.3	508.0	505.5	318	25,763
Mar	514.8	-2.3	-	-	63	7,309
May	519.9	-2.3	520.0	518.5	15	5,467
Total					8,898	112,769

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Sep	20.88	+0.20	20.99	20.60	3,726	82,703
Oct	20.30	+0.13	20.34	20.07	10,426	41,552
Nov	19.82	+0.10	19.83	19.70	3,820	28,285
Dec	19.44	+0.07	19.48	19.30	5,164	38,460
Jan	19.16	+0.07	19.17	19.02	2,593	27,198
Feb	18.91	+0.03	18.93	18.78	430	19,866
Total					64,508	353,986

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Sep	19.26	+0.19	19.31	19.04	10,353	79,000
Oct	18.86	+0.19	18.90	18.67	1,645	29,742
Nov	18.49	+0.18	18.50	18.34	913	8,030
Dec	18.16	+0.21	18.16	18.02	739	14,461
Jan	17.90	+0.21	17.91	17.86	45	10,729
Feb	17.66	+0.23	17.66	17.66	55	5,627
Total					na	na

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	56.40	+0.45	56.50	55.80	14,472	22,759
Sep	56.60	+0.42	56.75	56.00	12,386	28,049
Oct	56.90	+0.42	56.95	56.45	2,104	8,891
Nov	57.20	+0.42	57.25	56.75	1,146	8,957
Dec	57.40	+0.32	57.55	56.85	3,766	23,136
Jan	57.40	+0.32	57.50	57.10	1,229	9,007
Total					37,047	116,752

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	178.25	-0.50	178.75	177.75	4,173	21,430
Sep	175.00	+0.25	175.50	173.75	3,314	10,431
Oct	173.75	+0.50	173.75	172.00	1,112	4,544
Nov	172.50	+0.50	172.50	171.50	142	3,059
Dec	171.50	+0.75	171.50	170.25	1,163	9,592
Jan	169.75	+0.75	168.75	168.75	30	3,198
Total					9,991	58,503

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	2.340	-0.019	2.420	2.295	37,021	15,147
Sep	2.280	+0.011	2.340	2.220	13,826	28,620
Oct	2.240	+0.001	2.290	2.200	5,212	18,589
Nov	2.290	-	2.330	2.265	1,773	12,436
Dec	2.350	-	2.380	2.330	1,633	13,270
Jan	2.360	-	2.389	2.325	1,142	12,192
Total					63,801	146,258

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Aug	62.00	+0.13	62.20	61.40	17,343	21,851
Sep	60.80	+0.24	60.95	60.25	10,667	26,006
Oct	58.35	+0.24	58.45	58.00	1,570	7,226
Nov	56.60	+0.19	56.60	56.60	644	2,622
Dec	55.70	+0.38	55.70	55.40	327	2,928
Jan	55.00	-	-	-	276	2,148
Total					30,847	65,218

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	111.50	+1.00	111.50	111.45	12	384
Nov	113.65	+0.65	113.65	112.50	128	2,955
Jan	115.45	+0.60	115.55	114.60	61	1,271
Mar	117.50	+1.20	117.50	117.50	5	449
May	119.75	+1.25	-	-	-	280
Jul	122.00	+2.25	-	-	-	42
Total					206	5,396

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	443.75	+2.75	444.50	434.00	9,081	27,801
Dec	452.50	+3.75	453.00	442.00	9,840	38,475
Mar	451.75	+2.00	454.00	443.50	1,636	8,319
May	431.00	-2.00	429.00	423.00	13	230
Jul	395.00	-2.00	395.00	391.50	212	2,424
Dec	402.00	-4.00	-	-	-	61
Total					20,784	66,883

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	351.00	-7.00	357.25	346.25	13,688	71,104
Dec	319.00	-5.25	324.25	318.25	47,769	167,829
Mar	327.00	-3.75	332.50	324.50	8,418	34,742
May	333.25	-6.50	340.00	330.50	2,790	10,583
Jul	335.25	-6.25	340.00	332.50	1,187	8,277
Sep	307.50	-3.50	310.00	305.00	39	870
Total					71,423	309,600

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	103.00	+0.50	103.00	103.00	7	172
Nov	105.65	+0.45	105.75	105.25	30	877
Jan	107.65	+0.40	107.25	107.25	15	241
Mar	109.50	+0.35	109.00	109.00	5	55
May	111.00	-	110.75	110.75	5	45
Total					62	1,490

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	771.00	+3.25	771.50	758.00	7,800	23,735
Sep	752.00	+1.00	753.00	740.00	3,683	12,213
Nov	737.00	-0.50	739.00	725.00	38,462	113,150
Jan	746.25	+0.50	747.00	735.00	1,855	14,108
Mar	753.00	+0.50	753.00	742.00	972	6,262
May	754.00	-2.00	754.00	746.00	405	5,610
Total					53,308	182,881

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	24.36	-0.09	24.35	24.03	3,286	14,888
Sep	24.55	-0.13	24.55	24.28	2,664	14,848
Oct	24.76	-0.11	24.77	24.47	754	9,931
Dec	25.17	-0.11	25.66	24.85	7,183	32,003
Jan	25.35	-0.08	25.35	25.05	229	3,560
Mar	25.60	-0.08	25.60	25.37	257	3,650
Total					14,524	82,474

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	243.8	-0.1	244.0	240.2	7,649	20,960
Sep	239.8	-	240.0	236.5	3,194	13,436
Oct	234.8	+0.8	235.0	230.5	1,037	6,556
Dec	232.1	+0.2	233.0	228.0	6,547	26,289
Jan	232.0	-0.5	232.0	228.5	517	3,641
Mar	232.5	-0.5	233.0	229.5	214	2,702
Total					19,474	77,976

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	85.0	-	-	-	-	-
Mar	110.0	-	-	-	-	-
Apr	118.5	-8.8	123.5	118.5	119	1,370
May	130.0	-10.0	130.0	130.0	3	3
Jun	162.5	-	-	-	-	-
Total					122	1,373

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	1080	-4	1080	1080	11	1,224
Aug	1075	-3	1080	1068	16	1,000
Sep	1120	+5	1120	1115	15	550
Oct	1215	-	1215	1211	11	1,346
Jan	1221	+5	1226	1226	30	378
Apr	1245	+7	-	-	-	191
Total					83	4,768

	Close	Prev
BFI	1085	1084

FUTURES DATA
All futures data supplied by CMS.

Wool
The British wool auction in Bradford this week saw firmer prices against last month. However, demand was by no means bouyant and 20% remained unsold. Carpet wool categories were in relatively better demand than topmaking categories. Wool markets remain untested and everyone is waiting for next week's Australian auctions. Offerings for these auctions are not large and growers there are apparently still unwilling to sell except at better prices. The accumulation of unsold wool in buyer's hands is a major factor in calculations of how the market will move in the present 1996/97 season. Dawson International's decision to close its commission woolcombing operation and move part of its cashmere operation to China as part of the companies restructuring indicates world over-capacity in wool combing and unprofitability in the sector.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	982	+10	984	975	26	139
Sep	997	+6	1002	992	511	40,959
Dec	1010	+11	1014	1005	779	40,242
Mar	1025	+5	1029	1020	870	38,498
May	1037	+5	1041	1036	342	19,968
Jul	1047	+5	1052	1052	24	12,114
Total					2,859	198,498

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	1381	+8	1382	1351	3,807	23,560
Dec	1387	+8	1398	1389	1,085	18,376
Mar	1427	+8	1429	1420	230	15,605
May	1444	+8	-	-	811	7,849
Jul	1455	+8	-	-	18	5,940
Sep	1476	+7	-	-	15	5,157
Total					6,213	81,476

■ COCOA (ICCO) (SDR's/tonne)

Jul 24	Price	Prev. day
Daily	1006.09	996.28

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jul	1485	-20	1510	1490	15	131
Sep	1511	-17	1535	1510	1,677	14,744
Nov	1479	-12	1505	1475	1,158	9,177
Jan	1420	-15	1460	1434	237	3,561
Mar	1395	-16	1412	1395	60	2,320
May	1374	-14	-	-	-	373
Total					3,147	30,716

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	102.95	-1.15	104.80	101.65	3,985	16,191
Dec	97.28	-1.05	99.10	96.25	1,398	7,953
Mar	95.40	-0.80	97.10	94.50	388	3,303
May	96.00	-0.80	97.28	95.00	98	749
Jul	96.30	-0.75	97.50	96.00	33	368
Sep	96.30	-0.75	97.05	97.05	29	128
Total					5,606	27,707

■ COFFEE (ICO) (US cents/pound)

Jul 24		Prev. day
Comp. daily	98.60	98.48
15 day average	100.71	101.43

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	348.6	+2.8	348.0	345.0	1,087	10,225
Dec	342.6	+1.6	342.5	340.5	67	3,647
Mar	340.3	+1.8	340.0	339.0	361	5,455
May	336.1	+1.3	335.0	335.0	4	2,280
Aug	332.6	+1.3	332.0	332.0	2	885
Oct	319.6	-1.4	-	-	-	846
Total					1,521	23,368

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	11.73	+0.04	11.78	11.62	11,879	73,828
Mar	11.37	+0.04	11.39	11.27	4,084	38,706
May	11.07	+0.02	11.09	11.01	1,284	18,296
Jul	10.80	+0.02	10.82	10.76	357	12,423
Oct	10.65	+0.03	10.67	10.62	387	6,133
Mar	10.47	-	10.50	10.48	-	539
Total					18,001	148,084

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	71.97	-0.68	73.10	71.95	606	7,659
Dec	72.57	-0.56	73.50	72.55	4,070	32,332
Mar	74.01	-0.45	74.85	74.00	373	7,304
May	74.70	-0.49	75.50	74.60	103	5,678
Jul	75.30	-0.20	76.20	75.30	47	4,137
Oct	76.10	+0.35	75.70	75.70	15	952
Total					5,222	60,871

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Sep	113.65	+0.70	114.40	112.40	1,050	11,897
Nov	110.50	+0.40	111.00	109.60	148	3,525
Jan	110.00	+0.45	111.00	109.25	244	4,270
Mar	112.15	+0.45	112.20	111.50	25	582
May	113.90	+0.45	-	-	-	216
Jul	115.40	+0.45	-	-	-	164
Total					1,467	20,776

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jul 25	Jul 24	month ago	year ago
1958.8	1960.4	1993.7	2218.2

■ CRB Futures (Base: 1967=100)

Jul 24	Jul 23	month ago	year ago
241.13	241.32	na	na

■ GSCI Spot (Base: 1970=100)

Jul 24	Jul 23	month ago	year ago
196.29	198.79	200.63	173.26

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Aug	66.225	+0.475	66.350	65.400	5,666	28,093
Oct	68.150	+0.695	69.250	67.950	4,120	32,587
Dec	66.425	+0.760	66.500	65.450	2,898	18,514
Feb	64.350	+0.700	64.400	63.450	543	12,466
Apr	66.175	+0.375	66.200	65.950	534	4,809
Jun	65.000	+0.250	65.000	64.425	121	1,867
Total					15,297	98,661

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Aug	58.975	+1.175	59.250	57.600	4,149	10,869
Oct	53.750	+0.675	54.225	52.800	1,728	11,998
Dec	54.750	+0.950	55.125	54.150	1,083	8,203
Feb	75.150	+0.300	75.325	74.250	217	2,384
Apr	73.000	+0.175	73.200	72.300	91	884
Jun	77.800	+0.100	77.900	77.150	39	896
Total					7,808	35,641

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Jul	81.400	+2.000	81.400	80.400	119	142
Aug	87.750	+1.125	88.625	85.200	1,802	3,876
Feb	79.675	+2.000	79.675	77.675	988	2,152
Mar	79.000	+2.000	79.000	77.800	42	181
May	79.050	+2.000	79.050	77.000	2	76
Jul	80.100	+2.000	80.100	80.000	2	5
Total					3,013	6,499

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Sep	Dec	Sep	Dec
1400	97	139	6	16
1500	29	73	36	48
1600	4	32	111	105
■ COPPER (Grade A) LME	Sep	Dec	Sep	Dec
1900	190	168	21	82
2000	120	117	50	130
2100	68	79	98	189
■ COFFEE LCE	Sep	Nov	Sep	Nov
1450	97	127	36	96
1500	76	103	65	124
1550	55	85	94	156
■ COCOA LCE	Sep	Dec	Sep	Dec
950	55	87	8	27
9750	37	79	15	44
1000	23	68	26	58
■ BRENT CRUDE IPE	Aug	Sep	Aug	Sep
1850	-	-	29	55
1900	31	54	46	84
1950	21	40	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$17.64-7.74	+0.25
Brent Blend (dated)	$19.45-9.49	+0.135
Brent Blend (Sep)	$19.62-9.66	+0.135
W.T.I.	$20.85-0.87x	+0.21

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$208-210	
Gas Oil	$181-182	-1
Heavy Fuel Oil	$87-89	
Naphtha	$192-194	
Jet fuel	$207-209	
Diesel	$183-184	

■ NATURAL GAS (Pence/therm)

Bacton (Aug)	13.25-13.30

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

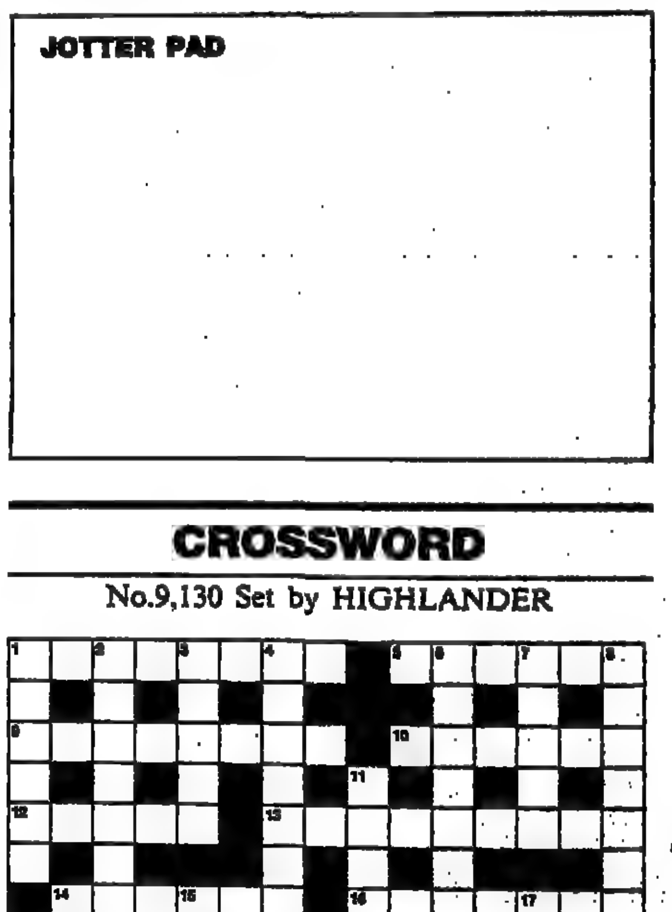
Gold (per troy oz)‡	$385.05	+0.65
Silver (per troy oz)‡	499.50c	
Platinum (per troy oz.)	$395.75	-2.00
Palladium (per troy oz.)	$131.65	-2.00
Copper	99.0c	+4.0
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	15.25r	
Tin (New York)	290.50	
Cattle (live weight)	99.38p	-0.85*
Sheep (live weight)	97.28p	-15.42*
Pigs (live weight)†	107.42p	-5.03*
Lon. day sugar (raw)	$310.80	
Lon. day sugar (wte)	$363.10	
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	$187.0x	-2.0
Wheat (US Dark North)	Unq	
Rubber (Aug)¥	91.00p	
Rubber (Sep)¥	91.00p	
Rubber (KL RSS No1)	335.50m	+1.00
Coconut Oil (Phil)§	770.00w	
Palm Oil (Malay.)§	$462.5	-7.5
Copra (Phil)§	$506.0w	
Soyabeans (US)	215.0w	
Cotton Outlook 'A' Index	79.73c	
Wooltops (64s Super)	430p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x Sep. w Jul/Aug. z Aug/Sep ¥ London Physical. § CIF Rotterdam. ‡ Bullion market close. * Change on week. †Based on 1,151 head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,130 Set by HIGHLANDER



ACROSS

1 Difficult second volume (8)
5 Cold and tender chest (6)
9 Chinese fruit (8)
10 Type of flight one found between planets (6)
12 Old group mostly better (5)
13 Algerian in a bad way, round the bend with pain (9)
14 Very small tree destroyed by a bison (6)
16 Servant girl heard in monks' house (blast!) (7)
19 Old boys' smoke forms cloud (7)
21 Diocese has to cut playground equipment (6)
23 Going to China possibly tied behind broken seat (9)
25 Animal, bashful, starts to play up (5)
26 Works in France whore movement has lost its leading man (6)
27 Boycott on member, one taking up striker's position (8)
28 Manage to ensure success of party (4,2)
29 Chimney cleaner's more expensive but shifts rubbish with brush (6,2)

DOWN

1 Defeat in field event (6)
2 Supervise a bad-tempered meet, but unintentionally (3,6)
3 Fight Brazil, everybody said (5)
4 Chapter one not supporting wine (7)
6 Exclude Croats corrupted by pronounced views (9)
7 Throw wild party (5)
8 Base line when call is in (8)
11 Rising in the morning, out of bed with cat (4)
15 Slept in squalid surroundings, queen in bed underneath (9)
17 Plans after a month, it's stupid to go over (8)
18 Symphonic piece by Liszt? You need to open up space for printing (4,4)
20 Amount English raised for birds (4)
21 Was sold off, suggesting there will be maximum inconvenience (4,3)
22 Called to organise Boxer rising (4,2)
24 Keen on southern food (5)
25 100 yen in secret store (5)

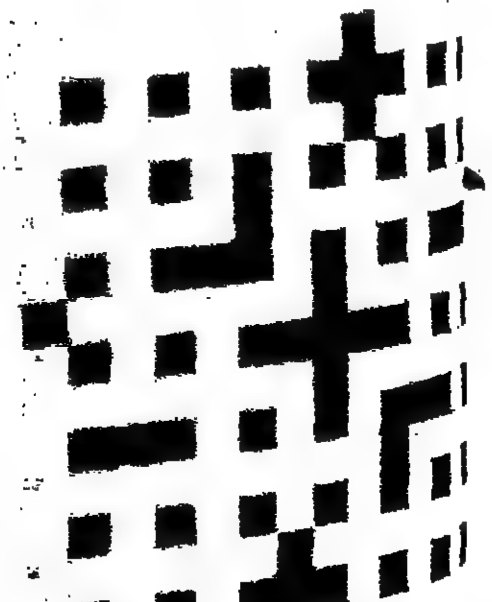
Solution 9,129

y for high stake

Farhan Bokhari

wool sell-off timetable

CROSSWORD



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BERMUDA (SIB RECOGNISED)

Fidelity Company Funds Ltd

Jupiter Tyndall (Bermuda) Ltd

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd

GUERNSEY (REGULATED)(**)

Rothschild Asset Mngmt - Contd.

Royal Bank of Canada Intl Money Market Fd

Schroder Investment Mngmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

LGT Asset Management Ltd - Contd.

Lazard Brothers Investment Funds Ltd

Tilney (Ireland) Ltd

IRELAND (REGULATED)(**)

HSBC UK Equity Plus Plc

Scottish Mutual Intl Fund Managers Ltd

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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	Selling Price	Buying Price	+ or -	Yield Gross
The Portugal Fund Limited				
Lloyds Bank International (Jersey) Limited				
NAV Jul 19		$7.14	—	-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Jerry Growth Fund	£23.35	23.88	—	1.14
Lowes Aggressive Portfolio	£10.73	11.28	—	-
Lowes Defensive Ptflo	£11.74	12.34	—	-
Lowes Collective Ptflo Ltd	£11.2	11.75	—	-
For Scimitar Group See under Hospital				
TSB Fund Managers (CI) Ltd				
TSB Island Pension	701.8	738.9	+1.8	-
Island Equity Acc	722.4	728.8	+0.8	-
WMB Asset Management (Jersey) Ltd				
[illegible]	$998.21	998.24	—	-
Worldinvest (Managers) Jersey Ltd				
Worldinvest Inc Fd †	$255.93	257.22	+0.64	5.85
Excalib Global Eqty £ *	$78.90	78.90	—	-
Excalib Stg Global Fixed Inc *	£11.60	11.87	—	4.90
Valued weekly. * Mondays. † Wednesdays.				

LUXEMBOURG (SIB RECOGNISED)

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
ABN AMRO Funds (x)					
4 Rue Jean Monet, L-2180 Luxembourg 352 424949320					
Latin America Equity		$46.70	47.40	—	-
North America Equity		$70.32	70.87	—	-
Asian Tigers Equity		$59.65	60.23	—	-
Europe Equity		$89.00	89.33	—	-
Germany Equity		[illegible]	118.83	—	-
Japan Equity		$49.50	50.00	—	-
Europe Bond		$58.83	59.09	—	-
US Bond		$57.13	57.27	—	-
Global Bond		$58.09	58.61	—	-
Germany Bond B		[illegible]	111.79	—	-
Spain Bond		[illegible]	9508	—	-
Eastern Europe Equity F		[illegible]	163.08	—	-
China Equity F		$52.80	53.46	—	-
Switzerland Equity		[illegible]	114.53	—	-

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
EquiFund—Wright National Eqty Fd (a) (x)					
14 rue Aldringen, L-1118 Lux 00 352 479 [illegible]					
Australasian Nat		A$15.18	15.29	—	-
Austrian Nat Equity		[illegible]	95.60	—	-
Belgian/Lux Nat. Eqty		BFr708	718	—	-
French Nat Equity		[illegible]	127.96	—	-
German Nat Equity		[illegible]	17.18	—	-
Dutch Nat Equity		[illegible]	35.06	—	-
Italian Nat Equity		L12080	12120	—	-
Japanese Nat Equity		Y1343	1357	—	-
Hong Kong Nat Equity		[illegible]	114.33	—	-
Spanish Nat Equity		Pta1168	1178	—	-
UK Nat Equity		£9.98	10.08	—	-
United States Dlr Res		$10.96		—	-
Fidelity Funds (x)					
Kansallis Hse, Place de L'Etoile, L-1021 Lux BP 2174					
UK-01732 777377 Lux-00 352 250 [illegible]					
Major Market Funds					
America		$2.123		-0.024	-
Europe		DM4.575		-0.054	-
International		$15.45		-0.24	-
Japan		Y135.9		-2.2	-
Pacific		$8.853		-0.128	-
South East Asia		$2.687		-0.048	-
Country Select Funds					
ASEAN		$21.44		-0.33	-
Asian Special Situations		$10.68		-0.17	-
Australia		A$14.76		-0.17	-
Emerging Markets		$8.494		-0.081	-
European Sm Cos F		DM12.32		-0.18	-
France		FFr80.92		-1.21	-
Germany		DM19.38		-0.18	-
Hong Kong		$42.84		-0.57	-
Iberia		Pta1732		-30	-
Indonesia		$10.43		-0.15	-
Italy		L14249		[illegible]	-
Japan Smlr Cos		Y1134		-15	-
Korea F	0	$9.663		-0.072	-
Latin America		$8.250		-0.147	-
Malaysia		$33.06		-0.38	-
Nordic		SKr158.6		-3.0	-
Singapore		$24.02		-0.34	-
Switzerland		SFr18.94		-0.38	-
Thailand		$34.88		-0.44	-
United Kingdom		£1.080		-0.011	-
Bond Funds					
European		Ecu11.46		+0.02	[illegible]
International		$1.096		—	3.87
US Dollar		$5.536		-0.003	5.70
Sterling		£0.251		—	7.29
Yen		Y1786		-1	2.76
Balanced					
European Balanced		DM11.75		-0.13	1.92
Prices as at July 24					

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

PanEuroLife société anonyme

36 Av Marie-Thérèse, Luxembourg 00 352 [illegible]

	Selling Price	+or -	Yield Gross
French Balanced Jul 24	FFr8828.18	+7.79	–
[illegible] Jul 24	DM2580.43	+10.46	–
Global Equities Jul 24	$1304.53	+5.43	–
UK Secure Gth Jul 24	[illegible]	+4.90	–
US Secure Growth Jul 24	$1105.89	+7.49	–
Intl Real Estate Jul 24	Ecu1318.94	+22.58	–
Fund of Funds Jul 24	Ecu1187.29	+8.73	–

Premier Life

1 rue Emile Bian, Luxembourg

	Selling Price	Buying Price	+or -	Yield Gross
Davenport Chadwick £ Fd.	£1.25	1.35		–
Matheson £ Fund	£1.07	1.13	-0.01	–
Matheson $ Fund	$0.98	1.04		–
Argent Blend	£14.59		-0.31	–
Argent Equity Gth	£23.17		-0.18	–
OFS Aggressive $	$1.48	1.49		–
OFS Mngd Growth $	$1.91	1.92		–
OFS Dlr Balanced Port	$1.50	1.51		–
GH 10	$H7.81	1.73		–
LX 10	$1.65	1.78		–

Professional Investment Consultants

	Selling Price	Buying Price	+or -	Yield Gross
Premier Lux $	$1.37	1.425	+0.01	–
Premier Lux £	£1.38	1.442		–
PCI Worldwide Opps	£1.402	1.501		–
SPILA Flexible Growth	$1.049	1.725	+0.005	–

For Prudential Securities see Ireland Regulated

Royal Life International

Royal Court, Arbory Rd, Castletown IoM 01624 821212

	Selling Price	Buying Price	+or -	Yield Gross
Pension Growth A	£1.521	1.630		–
Royal Life UK Mangd Fd	£2.121	2.261		–
Royal Life Gilt Fd	£2.255	2.425		–
Royal Life UK Eqs Fd	£1.481	1.582		–
Royal Life Euro Fd	£2.032	2.195		–

Arawis Capital Advisers LLC

	Selling Price	Buying Price	+or -	Yield Gross
Arawis Clipper Ltd	$108.32		–	–

Arc Investment Company Ltd

	Selling Price	Buying Price	+or -	Yield Gross
Rainbow	$507.34		–	–

Asia Pacific Capital Strategies Fund

	Selling Price	Buying Price	+or -	Yield Gross
NAV Jul 22	$3.53		–	–

Asian Convertibles & Income Fd (Cayman)

	Selling Price	Buying Price	+or -	Yield Gross
NAV Jul 18	$72.71		–	–

Aurum Funds

BEA Associates

	Selling Price	Buying Price	+or -	Yield Gross
Mexico Debt (x)	$13.60		-0.05	–
Mexico Debt Fd Inc Sh	$11.12		-0.04	–

OTHER OFFSHORE FUNDS

Global Attic Inc

Global Investment Fund Ltd

Koenner Global Investments Limited

	Selling Price	Buying Price	+or -	Yield Gross
Columbus Growth Jun 30	$24.965		–	–
Taurus Select Strategy	$25.60		–	–

KI Asia Pacific Fund Ltd

	Selling Price	Buying Price	+or -	Yield Gross
KI Asia Pacific	$10.86	11.31	–	–

● MANAGED FUNDS NOTES

[illegible]

ALCOHOLIC BEVERAGES

BANKS, MERCHANT

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

FOOD PRODUCERS - Cont.

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER FINANCIAL - Cont.

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the price.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred
- Figures or report awaited
- Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- Free annual/interim report available, see details below
- USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on preliminary figures. e Dividend yield excludes a special payment. f Indicated dividend yield, p/e ratio based on latest annual earnings. g Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. z Dividend yield includes a special payment.

F Yield based on prospectus or other official estimates for 1996. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1995-96. N Dividend is paid in whole or part as a

FID (Foreign Income Dividend). R Forecast annualised

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion.

LONDON STOCK EXCHANGE

MARKET REPORT

Footsie progresses as IBM news lifts Wall Street

By Steve Thompson, UK Stock Market Editor

Wall Street's latest roller-coaster ride saw US stocks on the uptick and helped invigorate an otherwise nervous London equity market.

UK stocks closed near the day's best levels, which were reached early in the session, but needed a big boost from the Dow Jones Industrial Average, which shot up over 70 points at the outset of trading in New York.

Buying of the US market was fuelled by well-received results from IBM, the bluest of US blue chips, and a good showing by US Treasury bonds after some encouraging economic news on durable goods, existing home sales and weekly jobless claims.

The FT-SE 100 ended a net 15.9 higher at 3,684.7, while second-tier stocks, represented by the FT-SE Mid 250 Index, were lifted by bid activity and rose 23.3 to 4,205.3.

Among a host of positive stories in London the defence and aerospace issues were given a substantial boost by confirmation of a series of UK Ministry of Defence orders, which prompted above average gains in British Aerospace and Rolls-Royce and also bolstered GEC and Racal Electronics.

Other stories adding to the momentum in London included a bullish review of first quarter trading at Boots, the high street retailer, whose chairman told investors and analysts at the annual meeting of a good rise in first quarter sales.

The sales story tied in with recent evidence of buoyant high street sales from various bodies, including the British Retail Consortium and the John Lewis Partnership.

Adding to the optimism was Wednesday's stronger-than-expected 1.3 per cent rise in retail sales during June.

Retail stocks featured prominently in the list of FT-SE 100 and Mid 250 outperformers, where an impressive performance from Boots was complemented by Body Shop, Sears and WH Smith.

There was a downside story in the sector however. Dixons shares posted the worst individual showing in the FT-SE 100 after a critical report in one of the industry's trade magazines and fears that the failure of Escom, the computer retailer, might see 'fire-sale' price cuts of the latter's stock.

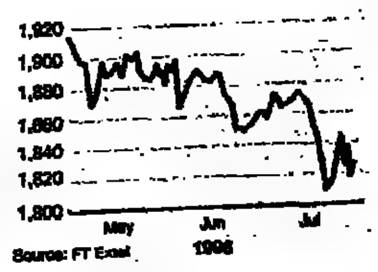
Christian Salvesen, the contract distributor, shot to the top of the Mid 250 after confirmation of recent market rumours that it had received a bid approach from Hays, the transport group.

There was widespread support for high street banks ahead of this morning's results from Lloyds TSB the first UK bank to report interims. Dealers noted the excellent figures earlier this week from Lloyds Abbey Life and good number yesterday from Cheltenham and Gloucester.

On the downside, ICI revealed disappointing second quarter profits, which were only partly offset by a good increase in the dividend.

Turnover was again uninspiring. At the 6pm count, volume was 586.1m shares, and was boosted by heavy activity in Bank of Scotland associated with the sale of around 30 per cent of Standard Life's 32 per cent stake. Retail business on Wednesday was valued at £1.49bn.

FT-SE-A All-Share Index



Source: FT Extel

Equity shares traded

Indices and ratios

FT-SE 100	3684.7	+15.9	FT Ordinary index	2704.9	+12.1
FT-SE Mid 250	4205.3	+23.3	FT-SE-A Non Fins p/e	18.87	18.71
FT-SE-A 350	1846.5	+8.5	FT-SE 100 Fut Jul	3682.0	+21.0
FT-SE-A All-Share	1827.38	+7.99	10 yr Gilt yield	7.89	7.88
FT-SE-A All-Share yield	3.93	3.95	Long gilt/equity yld ratio:	2.10	2.09

Best performing sectors

1 Property +1.7
2 Diversified Inds +1.2
3 Telecommunications +1.0
4 Gas Distribution +1.0
5 Engineering +1.0

Worst performing sectors

1 Chemicals -0.7
2 Breweries, Pubs & Rest -0.4
3 Health Care -0.3
4 Media -0.3
5 Water -0.2

Dixons under pressure

A call for the Department of Trade and Industry to "forcibly reform" warranties in the electrical market was responsible for Dixons slipping to the bottom of the Footsie performance charts.

The demands came from Marketing Week, the influential retail trade magazine, which said that electrical retailers were continuing to flout an Office of Fair Trading demand for greater transparency in the sale of electrical warranties - a £400m-a-year market - and were even failing to meet the requirements of their own code.

Marketing Week, which specifically criticised Dixons, said that the OFT, which is reviewing the code, should recommend strong action by the DTI. "That will be a painful experience for the electrical retailers and not least their bottom lines," said the magazine.

Analysts said that the attack on warranties was not a new one, but it served to remind the market of potential risks.

One said that the news that there were new entrants into the electrical goods insurance market may force retailers to be more competitive in the pricing of their warranties.

Dixons shares ended 13½ lower at 479½ with sentiment also overshadowed by the news that the receiver at Escom, the big computer retailer, could be forced to sell-off the group's stock in the absence of an immediate buyer for the business.

A positive agm statement by Boots, in particular in relation to Do It All, helped lift it 15 to 599p. UBS nudged its forecast up £5m to £540m while ABN-AMRO Hoare Govett moved the stock from "overvalued" to "hold".

Boots injected some excitement into DIY stocks, including Kingfisher, which rose 4½ to 625p. Body Shop rose 11 to 193p, a move which one analyst said may have been related to reports of Boots the Chemists making progress with beauty products.

ICI decline

International chemicals group ICI was friendless as analysts downgraded full year profit expectations, in the wake of disappointing second quarter figures.

The shares tumbled 17 to 761p, in heavy trading of 7.3m as profit estimates were brought down from around £830m to the £700m mark.

Dealers said sentiment in the stock was likely to remain cautious though analysts suggested the rise in the interim dividend should help provide support for the share price on yield considerations.

ABN Amro Hoare Govett was said to be among those urging investors to buy the shares believing them to be "undervalued".

Christian Salvesen was elevated to the top of the FT-SE Mid 250 performance charts following news that rival contract distributor Hays had made a bid approach.

Salvesen shares jumped more than 20 per cent, adding 60 to 349p and hoisting the company's market capitalisation to £930m. Hays retreated 26 to 414p as analysts speculated on a sizeable rights issue to underpin any takeover financing.

The bid front was also kept active by an agreed 237p a share agreed offer for conglomerate Suter from Ascot Holdings. Suter put on 18 to 215p in 7.9m traded. Ascot closed off 27 at 334 for a two-day decline of more than 9 per cent.

Property leaders put on a strong showing ahead of today's monthly report from the Investment Property Databank.

MEPC jumped almost 5 per cent, adding 19 to 425p while Slough Estates closed 6 higher at 221p. Land Securities rose 15 to 639p in 2.2m traded. Volumes generally were good.

Recent news from the IPD has been all about improving commercial rents and asset values, and some brokers have recently turned more positive on the sector.

News that British Aerospace had duly won the $2bn contract to replace the the ageing fleet of Nimrod maritime patrol aircraft made for an active day in the defence sectors.

Racal, which along with GEC is to share in the avionics supply, ended 3 lower at 275p, but racked up its best single session turnover for six months. At the other end of the spectrum, engines supplier Rolls-Royce rose more than 3 per cent, adding 7½ to 224p.

BAe ended 18 higher at 943p, GEC hardened to 383½p in 12m traded.

The Somerfield flotation appeared to be on track, albeit at a nearly 25 per cent downgrade from the original offer price, after what one analyst described as "an outstanding bit of stockbroking" and another called a "last minute act."

Earlier this month an indicative price range for the UK's fifth largest supermarket chain was set at 185p a share but later reduced to 160p a share. Yesterday, however, the flotation seemed to be struggling and Somerfield's advisers returned to institutions which had levels of commitment at the close of trading on Wednesday. The result was that more committments were made at 145p a share which then stimulated incremental demand.

It is understood that no orders were solicited, or received from debt traders or bond holders. Somerfield will now come to the market on August 9, a week later than expected.

Bank of Scotland recorded the day's highest volume at 42m, following Thursday's close of Standard Life's secondary offering of most its holding in the bank.

However, there was some talk late in the session that BZW, which organised the book building process, may have been left with a small proportion of the stock.

Bank of Scotland shares closed ½ ahead at 232½p.

In the rest of the sector, Lloyds TSB which today kicks off the reporting season for UK retail banks, gained 12 to 340½p.

Sentiment was boosted by favourable figures from mortgage subsidiary Cheltenham & Gloucester as well as Thursday's healthy interims from Lloyds Abbey Life.

Credit Lyonnais expects interim profits to rise by around 10.7 per cent to £1.137m.

Abbey National came under pressure on a combination of market share worries and Nationwide's announcement of a cut in the standard variable mortgage rate by 0.25 per cent to 6.49 per cent.

Dealers suggested there was concern that Cheltenham and Gloucester's favourable figures could have a negative impact on Abbey. There was also a fear that the lowering of rates may force Abbey to follow suit, a factor many believe would have a negative impact on margins.

All of which saw Abbey surrender 8 to 549p, after trade of 3.8m, however one analyst dismissed the concerns as "overdone and misplaced."

Speculation that European Acquisition Capital was finding it difficult to find a buyer for its 50 per cent stake in Tom Cobleigh, the regional pub operator, was said to be responsible for its fall of 21 to 222p.

FINANCIAL TIMES EQUITY INDICES

	Jul 25	Jul 24	Jul 23	Jul 22	Jul 19	Yr ago	*High	*Low
Ordinary Share	2704.9	2692.8	2713.4	2696.7	2717.8	2690.2	2885.2	2658.8
Ord. div. yield	4.20	4.21	4.14	4.17	4.14	4.11	4.17	3.78
P/E ratio net	15.96	15.92	16.21	16.10	16.24	16.19	17.25	15.80
P/E ratio nil	15.80	15.76	16.09	15.99	16.13	15.87	17.08	15.71

Ordinary Share Index since compilation: high 2885.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2695.4	2706.3	2696.5	2694.7	2697.3	2696.9	2698.5	2705.5	2706.1	2707.0	2694.1

	Jul 25	Jul 24	Jul 23	Jul 22	Jul 19	Yr ago
SEAQ bargains	24,516	26,488	25,479	26,782	27,014	22,600
Equity turnover (£m)†	-	1493.9	1376.1	1325.5	1667.3	1700.7
Equity bargains†	-	26,614	29,132	29,793	33,832	32,797
Shares traded (mil)†	-	467.4	496.9	482.4	567.9	663.4

†Excluding intra-market business and overseas turnover.

	Jul 25	Jul 24	Jul 23	Jul 22	Jul 19	Yr ago	*High	*Low
FT-SE AIM	1049.10	1048.40	1056.20	1061.50	1067.70	-	1140.40	985.70

*For 1996.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	654	Total Highs	28	Total contracts	26,919
Total Falls	517	Total Lows	60	Calls	11,774
Same	1,542			Puts	15,145

Jul 25 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3680.0	3690.0	+21.0	3694.0	3668.0	11631	[illegible]
Dec	-	3710.0	+21.0	-	-	0	[illegible]
Mar	-	3722.0	+21.0	-	-	0	[illegible]

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Sep	-	4200.0	+20.0	-	-	0	[illegible]

FT-SE 100 INDEX OPTION (LIFFE) (*3685) £10 per full index point

[illegible]

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock	Close price p	+/-
§60	F.P.	8.30	58	46	†Alkyone	[illegible]	[illegible]
§	F.P.	204.3	235	228	Alld Carpets	[illegible]	[illegible]
*	F.P.	658.1	£20	£16½	Alumex	[illegible]	[illegible]
§215	F.P.	210.7	228	215	Adding W[illegible]	[illegible]	[illegible]
§125	F.P.	38.8	130	123	†BATM Adv Comms	[illegible]	[illegible]
§180	F.P.	38.5	202	181	[illegible]	[illegible]	[illegible]
100	P.P.	1,366	101	89	British Energy	[illegible]	[illegible]
§71	F.P.	11.9	81	78	†Digital A[illegible]	[illegible]	[illegible]
§3	F.P.	3.07	4	4	†[illegible]	[illegible]	[illegible]
§145	F.P.	31.1	153	148	†Elec R[illegible]	[illegible]	[illegible]
§	F.P.	2.88	53	41	†Fayrewood	[illegible]	[illegible]
§60	F.P.	2.52	66	53	†Hot Pin	[illegible]	[illegible]
§100	F.P.	24.2	97	94	Hoare G[illegible]	[illegible]	[illegible]
-	F.P.	19.9	96	85	†Independent Br H	[illegible]	[illegible]
§12	F.P.	0.75	15	12	†Life Numbers	[illegible]	[illegible]
§	F.P.	0.18	6	2	†Life Numbers Wts	[illegible]	[illegible]
§2	F.P.	7.35	4½	4	†Lottery[illegible]	[illegible]	[illegible]
§	F.P.	0.29	1½	1	†Lottery[illegible] Wts	[illegible]	[illegible]
-	F.P.	1.32	[illegible]	18	NECA	[illegible]	[illegible]
172	F.P.	373.1	227	172	Pace Micro Techn	[illegible]	[illegible]
-	F.P.	0.38	2	1½	†Pordam Foods Wts	[illegible]	[illegible]
§113	F.P.	53.3	115	113	Quodam Estates	[illegible]	[illegible]
§105	F.P.	28.7	116	108½	Robert Walters	[illegible]	[illegible]
§60	F.P.	13.7	70	70	†Selector	[illegible]	[illegible]
-	F.P.	1.35	67	1¼	Templeton Cmr E	[illegible]	[illegible]
§525	F.P.	108.1	525	486	Therap'tic Antbd	505	-2
§134	F.P.	23.5	169	143	†UNO	1[illegible]	+3
*	F.P.	3.21	17	13	†Watermark	17	+4

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Jul 24	% chg on day	Jul 23	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (31)	1931.44	-1.4	1959.42	2346.38	1.49	-	2398.73	1732.83
Regional Indices								
Africa (13)	2638.52	-1.8	2688.00	2755.08	2.49	38.59	3353.88	2272.74
Australasia (7)	2205.96	-1.0	2229.07	2490.52	2.83	30.93	2927.34	2123.50
North America (11)	1693.28	-1.3	1715.72	1737.84	0.78	62.10	2185.38	1480.84

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FT - SE Actuaries Share Indices — The UK Series

	Jul 25	Day's chge%	Jul 24	Jul 23	Jul 22	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3684.7	+0.4	3668.8	3708.4	3691.3	3452.3	4.11	2.09	14.54	104.38	1814.39
FT-SE Mid 250	4205.3	+0.6	4182.0	4236.9	4231.0	3813.8	3.58	1.61	21.67	119.00	1699.23
FT-SE Mid 250 ex Inv Trusts	4238.3	+0.5	4215.5	4270.7	4266.8	3825.3	3.66	1.64	20.64	125.49	1715.86
FT-SE-A 350	1846.5	+0.5	1838.0	1858.8	1847.6	1720.4	4.00	2.00	15.64	52.30	1851.61
FT-SE-A 350 Higher Yield	1779.2	+0.5	1770.4	1791.4	1777.9	1713.8	5.53	1.87	12.56	68.08	1254.20
FT-SE-A 350 Lower Yield	1920.9	+0.4	1912.7	1933.3	1924.3	1730.2	2.76	2.23	20.21	38.91	1323.53
FT-SE SmallCap	2092.66	+0.2	2088.65	2104.52	2104.18	1913.62	3.15	1.71	23.19	40.43	1724.17
FT-SE SmallCap ex Inv Trusts	2090.95	+0.1	2087.96	2102.25	2103.41	1887.87	3.35	1.60	20.70	42.77	1733.80
FT-SE-A ALL-SHARE	1827.38	+0.4	1819.39	1839.43	1829.15	1699.83	3.93	1.96	16.05	50.47	1559.21

FT-SE Actuaries All-Share

	Jul 25	Day's chge%	Jul 24	Jul 23	Jul 22	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3470.92	+0.1	3469.15	3499.02	3471.15	2968.07	3.86	1.83	17.70	79.26	1495.47
12 Extractive Industries(6)	3975.89	—	3976.58	3976.11	3973.18	4109.24	4.04	2.82	12.30	109.19	1169.96
15 Oil, Integrated(3)	3585.71	—	3585.02	3601.03	3587.56	2955.20	4.01	1.72	18.08	91.84	1576.85
16 Oil Exploration & Prod(15)	2501.11	+0.5	2489.49	2511.53	2493.64	2029.07	2.10	1.58	37.67	34.94	1508.35
20 GEN INDUSTRIALS(276)	1974.30	+0.5	1964.29	1985.15	1978.50	2001.36	4.38	1.84	15.52	51.95	1066.90
21 Building & Construction(34)	1133.02	+0.2	1131.28	1145.11	1145.02	1008.24	3.66	1.69	20.35	23.06	952.22
22 Building Matls & Merchs(28)	1852.64	-0.1	1853.91	1874.06	1855.30	1851.67	4.14	1.72	17.55	47.17	942.43
23 Chemicals(25)	2360.51	-0.7	2376.76	2399.46	2393.35	2478.08	4.26	1.61	18.13	62.26	1126.70
24 Diversified Industrials(18)	1484.96	+1.2	1467.12	1483.66	1488.56	1842.25	7.01	1.69	10.54	58.29	838.26
25 Electronic & Elect Equip(37)	2304.58	+0.6	2290.68	2304.26	2285.67	2055.50	3.38	1.61	22.[illegible]	[illegible]	1211.13
26 Engineering(71)	2413.68	+1.0	2390.12	2417.62	2408.62	2081.77	3.51	2.44	15.49	48.78	1474.10
27 Engineering, Vehicles(14)	2940.10	+0.6	2923.50	2949.25	2930.69	2451.66	3.57	1.96	17.69	73.79	1107.32
28 Paper, Pckg & Printing(26)	2567.06	+0.4	2556.93	2588.52	2584.12	3116.30	4.02	1.99	15.68	59.35	1076.40
29 Textiles & Apparel(19)	1271.47	-0.1	1272.84	1301.49	1304.09	1676.11	5.56	1.58	14.33	42.36	765.00
30 CONSUMER GOODS(81)	3523.62	+0.4	3507.96	3553.47	3520.72	3283.92	3.97	1.83	17.18	85.77	1310.38
32 Alcoholic Beverages(6)	2696.73	+0.1	2694.15	2711.35	2702.81	2608.42	4.66	1.62	16.46	97.04	985.78
33 Food Producers(24)	2446.62	+0.1	2443.19	2458.09	2460.37	2548.92	4.25	1.85	15.88	66.20	1114.05
34 Household Goods(15)	2477.38	+0.4	2467.58	2502.37	2506.44	2704.68	4.02	2.15	14.50	56.43	950.64
36 Health Care(20)	2004.59	-0.3	2011.34	2050.74	2051.43	1887.98	2.70	2.15	21.51	35.96	1225.16
37 Pharmaceuticals(15)	5180.49	+0.8	5138.84	5238.24	5158.78	4181.93	3.24	1.76	21.94	91.18	1763.02
38 Tobacco(1)	4188.85	+0.3	4176.14	4197.32	4121.08	4396.39	6.07	2.12	9.72	156.18	1052.21
40 SERVICES(253)	2436.65	+0.1	2434.24	2458.94	2450.17	2130.23	2.85	1.86	22.76	53.39	1278.35
41 Distributors(31)	2757.86	-0.1	2760.67	2789.79	2775.18	2608.66	3.15	1.70	23.33	51.03	1022.28
42 Leisure & Hotels(24)	3007.58	+0.1	3004.83	3035.47	3033.30	2424.36	2.94	1.89	22.50	153.23	1625.47
43 Media(45)	4011.67	-0.3	4023.14	4093.01	4064.13	3183.91	2.29	1.86	29.43	54.14	1455.56
44 Retailers, Food(14)	1925.11	-0.1	1927.44	1937.53	1925.83	2130.43	3.98	2.32	13.55	48.71	1235.45
45 Retailers, General(43)	2051.07	+0.5	2040.82	2051.21	2039.03	1741.11	3.07	2.12	19.17	47.09	1183.27
47 Breweries, Pubs & Rest.(24)	3032.72	-0.4	3045.09	3072.21	3062.26	2606.07	3.38	1.95	18.94	52.87	1453.25
48 Support Services(49)	2385.74	+0.8	2366.65	2387.45	2381.53	1693.48	1.94	2.26	28.59	32.90	1523.08
49 Transport(22)	2318.14	+0.4	2308.09	2332.09	2342.07	2368.11	3.52	0.62	57.13	58.33	974.72
60 UTILITIES(33)	2234.45	+0.8	2216.70	2244.74	2236.47	2492.16	5.72	2.01	10.89	129.10	982.23
62 Electricity(11)	2341.24	+0.9	2319.65	2359.57	2349.55	2455.04	6.93	2.48	7.28	404.44	1254.92
64 Gas Distribution(2)	1295.38	+1.0	1282.58	1308.80	1276.80	1956.30	9.25	1.35	9.96	66.67	679.44
66 Telecommunications(6)	1894.45	+1.0	1875.39	1898.84	1889.84	2147.29	4.27	1.78	16.41	12.56	862.60
68 Water(12)	2103.62	-0.2	2107.27	2137.05	2139.43	2019.82	6.29	2.32	8.56	88.50	1186.36
69 NON-FINANCIALS(667)	1936.16	+0.3	1929.42	1950.62	1940.35	1829.35	3.95	1.67	18.87	54.54	1483.48
70 FINANCIALS(104)	2891.83	+0.8	2868.59	2900.11	2879.59	2481.38	4.17	2.56	11.76	78.91	1255.50
71 Banks, Retail(8)	4080.21	+0.9	4043.16	4088.97	4037.04	3338.98	3.82	2.89	11.34	110.04	1343.69
72 Banks, Merchant(6)	3439.94	-0.1	3444.51	3475.31	3479.24	3621.76	2.87	2.50	17.38	83.39	1097.62
73 Insurance(22)	1391.15	+0.2	1389.06	1406.17	1409.81	1315.17	5.94	2.71	7.78	48.97	1055.38
74 Life Assurance(6)	3389.75	+0.4	3375.12	3409.92	3419.26	2766.37	4.41	2.24	12.67	100.72	1421.00
77 Other Financial(21)	2472.01	+0.6	2457.54	2492.85	2502.05	2156.46	4.24	1.82	16.26	62.05	1419.17
79 Property(41)	1520.73	+1.7	1495.30	1509.41	1500.01	1495.41	4.21	1.26	23.78	39.34	948.54
80 INVESTMENT TRUSTS(126)	3036.69	+0.7	3016.71	3052.17	3035.03	2905.61	2.32	1.11	48.34	44.32	1085.73
89 FT-SE-A ALL-SHARE(897)	1827.38	+0.4	1819.39	1839.43	1829.15	1699.83	3.93	1.96	16.05	50.47	1559.21
FT-SE-A Fledgling	1205.68	+0.1	1204.65	1213.41	1212.44	1022.87	2.89	2.45	17.65	19.72	1266.18
FT-SE-A Fledgling ex Inv Trusts	1220.73	+0.1	1219.78	1228.00	1227.12	1013.96	3.10	2.65	15.22	21.52	1282.81

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3672.6	3686.7	3677.3	3670.6	3672.9	3671.0	3673.4	3683.3	3695.1	3698.9	3670.3
FT-SE Mid 250	4185.9	4189.6	4188.9	4188.5	4189.9	4193.1	4194.0	4199.8	4204.9	4205.9	4185.9
FT-SE-A 350	1839.9	1845.7	1842.0	1839.1	1840.4	1840.2	1840.9	1845.4	1846.6	1846.8	1839.0

Time of FT-SE 100 Day's high: 9:01 AM Day's low: 10:47 AM. FT-SE 100 1996 High: 3857.1 (19/04/96) Low: 3664.2 (23/01/96).

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1120.5	1121.2	1121.0	1120.5	1120.2	1120.2	1121.2	1121.2	1122.6	1122.6	1119.8	+2.8
Pharmaceuticals	5081.0	5100.1	5094.3	5092.1	5090.4	5088.7	5076.1	5103.2	5117.8	5116.4	5075.2	+41.2
Water	2033.1	2083.8	2085.1	2086.3	2088.8	2088.8	2088.8	2088.2	2089.9	2089.3	2093.0	-3.7
Banks, Retail	4100.8	4131.2	4124.2	4115.7	4113.7	4115.1	4110.8	4128.6	4132.3	4132.3	4094.8	+37.5

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. "The FT-SE Actuaries Share Indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. © FT-SE International Limited 1996. All Rights reserved. The FT-SE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. "FT-SE" and "Footsie" are trademarks of the London Stock Exchange and the Financial Times Limited and are used by FT-SE International Limited under licence. Auditor: The WM Company." † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. NAME CHANGE: Rhino is now Electronics Boutique (Fledgling).

TRADING VOLUME

Major Stocks Yesterday

[illegible]

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jul 25 / Sch)

BELGIUM/LUXEMBOURG (Jul 25 / Frs.)

CZECH REP (Jul 25 / Koruna)

DENMARK (Jul 25 / Kr)

FINLAND (Jul 25 / Mkk)

FRANCE (Jul 25 / Frs.)

GERMANY (Jul 25 / Dm.)

GREECE (Jul 25 / Drachma)

ITALY (Jul 25 / Lira)

NETHERLANDS (Jul 25 / Fls.)

NORWAY (Jul 25 / Kroner)

POLAND (Jul 25 / Zloty)

PORTUGAL (Jul 25 / Escudo)

SPAIN (Jul 25 / Pta.)

SWEDEN (Jul 25 / Kronor)

SWITZERLAND (Jul 25 / Frs.)

TURKEY (Jul 25 / Tk Lira)

PACIFIC

JAPAN (Jul 25 / Yen)

AUSTRALIA (Jul 25 / Aus$)

HONG KONG (Jul 25 / H.K.$)

INDONESIA (Jul 25 / Rupiah)

MALAYSIA (Jul 25 / MYR)

NEW ZEALAND (Jul 25 / NZ $)

SINGAPORE (Jul 25 / S$)

SOUTH KOREA (Jul 25 / Won)

TAIWAN (Jul 25 / TW $)

THAILAND (Jul 25 / Baht)

AFRICA

SOUTH AFRICA (Jul 25 / Rand)

NORTH AMERICA

CANADA

TORONTO (Jul 25 / Can $)
4 pm close

MONTREAL (Jul 25 / Can $)
4 pm close

INDICES

	Jul 25	Jul 24	Jul 23	1996 High	1996 Low
Argentina					
General(29/12/77)	(u)	16237.24	16482.77	18891.65 20/5	15898.81 19/3
Australia					
All Ordinaries(1/1/80)	2115.1	2113.9	2136.0	2336.08 29/4	2098.10 17/7
All Mining(1/1/80)	944.8	951.5	957.2	1118.40 8/5	934.80 16/7
Austria					
Credit Aktien(30/12/84)	357.88	350.07	352.53	394.99 31/5	349.85 22/7
Traded Index(2/1/91)	1016.36	1012.21	1024.20	1142.51 29/5	975.27 2/1
Belgium					
BEL20(1/1/91)	1664.25	1652.60	1673.53	1773.28 28/5	1574.89 2/1
Brazil					
Bovespa(29/12/83)	(u)	60510	62236.0	66822.60 13/7	45601.09 2/1
Canada					
Metals Minls♦(1975)	(u)	4922.58	4914.60	5524.68 8/5	4667.47 16/1
Composite♦(1975)	(u)	4880.28†	4918.60	5348.49 31/5	4739.79 15/1
Portfolio§§(4/1/83)	(u)	2407.28†	2418.46	2568.55 27/5	2327.38 12/1
Chile					
IGPA Gen♥(31/12/80)	(u)	5595.24	5603.28	5994.33 8/1	5275.28 8/4
Denmark					
CopenhagenSE(3/1/83)	404.19	405.05	407.93	415.19 4/7	366.48 2/1
Finland					
HEX General(28/12/90)	1956.69	1935.63	1984.12	2076.42 31/5	1851.67 10/1
France					
SBF 250(31/12/90)	1358.14	1342.94	1360.39	1467.68 6/6	1250.16 2/1
CAC 40(31/12/87)	1974.67	1954.10	1982.23	2146.79 30/4	1897.85 11/1
Germany					
FAZ Aktien(31/12/58)	872.85	867.57	875.41	911.74 5/7	818.56 2/1
Commerzbank(1/12/53)	2526.30	2510.70	2532.40	2627.80 5/7	2370.20 2/1
DAX‡(30/12/87)	2485.00	2447.80	2475.07	2583.49 5/7	2284.86 2/1
Greece					
Athens SE(31/12/80)	879.94	876.87	898.40	1017.96 4/3	876.87 24/7
Hong Kong					
Hang Seng(31/7/64)	10706.97	10686.86	10885.31	11594.99 16/2	10204.87 2/1
India					
BSE Sens.(1979)	3559.28	3582.05	3663.08	4069.26 18/6	2826.08 25/1
Indonesia					
Jakarta Comp.(10/8/82)	568.44	571.72	578.18	639.21 24/4	512.48 2/1
Ireland					
ISEQ Overall(4/1/88)	2414.46	2395.22	2421.47	2595.19 18/6	2224.81 2/1
Italy					
Banca Comm Ital(1972)	605.22	609.27	616.24	674.30 20/5	572.21 27/3
MIB General(2/1/95)	1026.0	1033.0	1046.0	1142.00 20/5	976.05 27/3
Japan					
Nikkei 225(16/5/49)	20683.94	20631.06	21163.69	22666.80 26/6	19734.70 13/3
Nikkei 300(1/10/82)	293.98	291.90	297.26	319.79 26/6	284.48 11/3
Japan					
Topix(4/1/68)	1580.44	1581.71	1609.70	1722.13 26/6	1524.12 13/3
2nd Section(4/1/68)	2148.74	2150.59	2178.04	2261.46 2/7	1882.76 14/3
Malaysia					
KLSE Comp.(4/4/86)	1092.82	1095.31	1107.28	1189.54 30/4	993.18 2/1
Mexico					
IPC(Nov 1978)	(u)	2943.08	3003.08	3362.89 22/5	2736.36 8/3
Netherland					
CBS TtlRtnGen(End 83)	602.8	593.2	607.5	632.80 12/6	539.59 2/1
CBS All Shr(End 83)	357.4	351.8	360.3	367.30 12/6	326.79 2/1
New Zealand					
Cap. 40(1/7/86)	2100.84	2096.85	2095.87	2283.06 4/1	2025.14 7/6
Norway					
Oslo SE Ind(2/1/83)	1362.41	1362.56	1386.11	1469.71 12/6	1259.66 30/1
Philippines					
Manila Comp(2/1/85)	3087.25	3075.36	3170.10	3374.40 5/7	2578.87 2/1
Portugal					
BVL 30(4/1/93)	1926.81	1927.02	1937.42	1989.29 3/7	1802.81 2/1
Singapore					
SES All-S'pore(2/4/75)	537.08	540.02	546.94	610.37 5/2	537.08 25/7
South Africa					
JSE Gold(28/9/78)	1744.8♥	1750.5	1791.7	2690.40 29/5	1346.49 2/1
JSE Indl.(28/9/78)	7872.7♥	7819.7	7967.1	8939.30 25/1	7723.28 20/5
South Korea					
KoreaCompEx**(4/1/80)	820.29	832.48	838.78	986.84 7/5	812.85 16/7
Spain					
Madrid SE(30/12/85)	354.03	351.37	355.69	376.25 1/7	323.76 11/1
Sweden					
AffarsvarldnGen(1/2/37)	1870.2	1845.1	1885.8	2019.00 6/6	1788.59 22/1
Switzerland					
Swiss Bk Ind(31/12/58)	1678.70	1682.25	1702.74	1811.68 11/7	1598.39 17/1
SBC General(1/4/87)	1195.24	1177.49	1212.22	1284.96 11/7	1114.47 26/1
Taiwan					
Weighted Pr.**(30/6/66)	6034.07	6095.74	6088.16	6880.41 29/6	4690.22 5/2
Thailand					
Bangkok SET(30/4/75)	1118.96	1143.98	1164.81	1415.04 6/2	1118.96 25/7
Turkey					
Istanbul Comp.(Jan 1986)	63037.9	63706.3	65017.8	73531.30 8/7	38779.30 2/1
WORLD					
MS Capital Intl§(1/1/70)	743.3*	737.3	744.0	768.28 1/7	725.98 15/1
CROSS-BORDER					
Eurotrack 100(26/10/90)	1598.08	1589.48	1615.92	1709.73 4/7	1564.40 11/1
Euro Top-100(26/6/90)	1368.08	1358.18	1379.86	1458.28 28/4	1333.81 11/1
HSBC JC Dragon(31/12/88)	(u)	362.58	367.74	383.36 16/4	344.19 2/1
ING Brngs Emrg(7/1/92)	(u)	158.93	158.54	165.81 4/7	147.35 2/1

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x Index)							
Jul	1972.0	1970.0	+14.0	1975.0	1952.0	19,645	24,576
Aug	1977.0	1975.0	+14.0	1980.5	1957.0	5,878	10,789
DAX							
Sep	2478.0	2478.5	+10.0	2482.0	2458.0	23,298	–
Dec	2501.0	2497.0	+8.50	2501.0	2478.0	884	–
OMX							
Jul	1429.75	1438.00	+23.00	1438.50	1424.00	4,782	92,623
Aug	1433.00	1444.60	+25.60	1444.50	1428.25	4,065	10,698
SOFFEX							
Jul	3508.0	3537.0	+57.0	3539.8	3498.0	8,372	29,220
Aug	3536.5	3559.0	+40.5	3536.5	3536.5	20	256

*Sat Jul 20: Taiwan Weighted Price 6210.61; Korea Comp Ex 940.05. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL 30, SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – All 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Toronto. (u) Closed. (u) Unavailable. ‡ IBIS/DAX afterhours index: Jul 25 - 2454.81 +5.38.

US INDICES

Dow Jones	Jul 24	Jul 23	Jul 22	1996 High	1996 Low	Since compilation High	Since compilation Low
Industrials	5354.69	5346.55	5390.94	5778.00 (22/5)	5032.94 (10/1)	5778.00 (22/5/96)	41.22 (8/7/32)
Home Bonds	101.74	101.52	101.87	108.89 (14/2)	100.99 (15/7)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1985.73	1987.42	1983.42	2288.30 (22/5)	1882.71 (18/1)	2288.28 (22/5/96)	12.32 (8/7/32)
Utilities	208.36	208.77	209.61	234.89 (12/2)	205.42 (7/6)	256.46 (31/5/93)	10.50 (8/4/32)

DJ Ind. Day's high 5402.04 (5447.90) Low 5244.83 (5312.83) (Theoretical♦)
Day's high 5378.73 (5434.22) Low 5270.72 (5330.55) (Actual♦)

Standard and Poors							
Composite‡	626.65	626.87	633.77	678.51 (24/5)	598.48 (10/1)	678.51 (24/5/96)	4.40 (1/6/32)
Industrials♥	740.87	741.27	750.77	807.26 (5/6)	702.67 (15/1)	807.26 (5/6/96)	3.62 (21/6/32)
Financial	64.32	64.27†	64.80	68.55 (5/3)	58.67 (10/1)	68.56 (5/3/96)	8.64 (1/10/74)
NYSE Comp.	336.07	337.14	340.22	363.74 (24/5)	321.41 (10/1)	363.74 (24/5/96)	4.46 (28/4/42)
Amex Mkt Val	529.00	538.95	542.97	614.98 (22/5)	525.80 (16/7)	614.98 (22/5/96)	29.31 (9/12/72)
NASDAQ Cmp	1042.37	1049.07	1081.39	1249.14 (5/6)	988.57 (15/1)	1249.14 (5/6/96)	54.87 (31/10/72)

RATIOS

	Jul 19	Jul 12	Jul 5	Year ago
Dow Jones Ind. Div. Yield	2.30	2.28	2.22	2.48
	Jul 17	Jul 10	Jul 3	Year ago
S & P Ind. Div. yield	2.32	2.08	na	2.07
S & P Ind. P/E ratio	18.63	21.97	na	18.68

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Pharm Uj	8,062,900	40¼	+¼
Bay. Netwk	7,343,700	23¾	+2⅛
AT & T	6,967,200	50¾	+½
Compaq	6,551,600	48¾	+3
Chrysler	5,028,000	28¾	-1
Coca Cola	4,303,500	45¾	-1⅛
Hewlett-P	4,287,700	49¼	+2⅛
IBM	3,678,800	91⅞	+⅞
GEC	3,580,200	78¾	+¼
Tele Mex	3,271,200	30⅝	-¼

TRADING ACTIVITY

● Volume (million)

	Jul 24	Jul 23	Jul 22
New York SE	460,980	422,353	327,745
Amex	24,625	22,797	17,262
NASDAQ	691,273	615,414	429,135
NYSE			
Issues Traded	3,164	3,163	3,145
Rises	645	715	636
Falls	1,820	1,679	1,765
Unchanged	699	769	744
New Highs	3	16	20
New Lows	174	90	55

S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Sep	630.05	634.90	+4.20	635.70	629.35	96,481	177,981
Dec	641.40	640.70	+4.30	640.00	640.00	368	8,236

Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Sep	20850.0	20910.0	+240.0	20980.0	20640.0	231,826	231,825
Dec	20820.0	20850.0	+200.0	21000.0	20820.0	11,498	10,149

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are usually last traded prices. * Calendar year high and low. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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TOKYO - MOST ACTIVE STOCKS: Thursday, July 25, 1996

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Stl Corp	7.9m	339	+1	Toshiba Corp	3.8m	718	+3
NKK Corp	5.0m	296	+4	Canon	2.9m	2000	-20
Sumitomo Mtl Ind	4.6m	304	+4	Kanematsu Corp	2.8m	661	-8
Kobe Steel	4.1m	283	+1	TYK Corp	2.6m	1030	-40
Mitsubishi Hvy	3.9m	887	+3	Nomura Secs	2.5m	1880	+20

NEW YORK STOCK EXCHANGE PRICES

4 pm close July 25

1996 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23¾	17¾	AAR x	0.48	2.5	19	1036	19	18⅝	19	+⅛
48⅛	38⅛	AMP	1.00	2.7	18	5616	37¼	36⅛	37	+½
97½	68	AMR			15	5983	78½	77	77¼	
50½	37⅞	ASA	1.80	4.7	25	302	38¼	37⅞	38¼	-⅛
45¼	38⅛	AbbtL x	0.96	2.2	19	10030	44⅞	43¾	44⅛	+⅜
17¼	12¼	Abitibi Pr	0.40	3.2	6	979	12¾	12⅝	12⅝	-⅛
40⅜	27	ABM Ind	0.70	1.9	18	123	37	36¾	36¾	
18⅝	13⅞	Acptnceln			47	129	18	17⅞	17⅞	+⅝
50¾	37¾	ACE Ltd	0.56	1.3	10	4147	44	43½	43⅝	
10	9⅛	ACM Gvt In	0.90	9.2	8	1772	u10	9¾	9¾	
7⅞	6⅝	ACM GvOpp	0.57	8.1		33	7	7	7	
7¼	6	ACM Gvt Sp	0.66	10.2		1226	6¾	6½	6½	
9⅛	8¼	ACM Gvt Se	0.90	10.3		5470	9	8⅝	8¾	+⅛
9½	8⅞	ACM Man	0.90	10.0		644	9	8¾	9	+⅛
13⅞	6⅛	*Acme Elect*			47	120	7⅝	7½	7½	+½
33¾	27¼	Acordia	0.80	2.6	18	140	31	30⅞	30⅞	-⅛
21⅜	12	Acuson			65	1046	13⅛	12⅞	13	
19½	17⅞	Adams Expr	0.48	2.6	0	241	18¼	18	18⅛	+¼
21¼	10¼	AdvMic			6	6604	10¾	10⅜	10½	-⅛
11⅛	8½	Advest Grp	0.16	1.7	7	28	9½	9¼	9⅜	+¾
26⅛	9⅛	Advo Inc	0.10	1.1	475	180	9½	9⅜	9½	
50⅞	41⅛	Aegon	1.19	2.7	13	26	44¼	43¾	44¼	+1⅜
6¾	3½	Aeroflx			3	350	4¾	4⅝	4⅝	-⅛
78¾	55⅞	Aetna	2.76	4.4	16	15957	62½	61⅛	62¼	
33	20¼	Aflac	0.40	1.3	13	5261	31¾	30¼	31⅞	+1⅞
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Continued on next page

4 pm close July 25

NYSE PRICES

1996 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
Continued from previous page										
20⅜	12	SciAtl	0.06	0.4	34	7177	13⅝	12¼	13⅛	+1⅛
21	17	Scotsman	0.10	0.5	11	18	19¾	19⅝	19⅝	+⅛
47½	38⅛	Scripps	0.52	1.3	23	1021	42	41½	41½	-⅜
18⅛	13¼	ScudderNAsF	0.02	0.1		168	13⅞	13¾	13⅞	+⅛
12⅞	11	ScudderNEuF	0.16	1.3		194	12	11⅞	12	+⅛
20½	16	SeaCnS	0.17	1.8	2	28	18⅛	17¾	17⅞	
16	16	SeaC1 A625	1.46	9.7		z100	15⅛	15⅛	15⅛	
87¾	36⅞	S'gate			21	29121	44½	41¾	44⅜	+4¼
39⅜	30⅞	Seagrm	0.60	1.9	21	2116	32⅛	31¾	31⅞	+⅛
28	17⅛	Seagull En			12	8842	18¾	18¼	18½	+⅜
38⅛	26	Sealed Air			23	176	34	33⅛	34	+⅞
53⅞	39¼	SearsR	0.92	2.2	15	8011	42	41¼	41½	
22⅞	19¾	SecCapStr	1.24	6.0	20	107	20¾	20⅝	20¾	
13	11⅞	Seligm Sel x	0.84	6.9		135	12⅛	12⅛	12¼	
23¾	13⅝	Sensormat	0.22	1.5	12	4211	14¾	14⅝	14¾	+½
44⅜	28½	SequaA	0.60	1.5	106	96	40⅝	39⅞	40⅝	+1¼
50	39	SequaB	0.50	1.0	126	5	48¼	48¼	48¼	
60¼	38⅞	ServCp x	0.48	0.9	27	2484	55¼	53¾	55	+1⅛
23½	19½	SvMstr	0.68	3.0	15	715	22⅝	21¾	22⅜	+1½
6¼	4½	SvcMerch			10	4843	4¾	04½	4⅝	-⅛
48¼	28½	SGSThm			7	1693	33¾	32⅞	33½	+1⅛
15⅛	10⅝	Shaw Ind	0.30	2.3	35	7758	13¼	12¼	13⅛	+1⅛
12⅞	10⅛	Shelby Wll	0.32	2.8	13	23	11¾	11½	11⅝	+⅜
89⅞	76½	ShellTr	3.25	3.8	17	313	86⅝	86¼	86½	+¾
[illegible]										

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1996 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
54¾	39¾	Xerox	1.16	2.3	38	14280	50½	47¾	49⅞	+2⅞
47⅞	30¾	Xtra Corp	0.72	1.7	14	118	41⅞	41½	41¾	-¾
25¾	20⅜	Yankee Egy	1.30	6.2	12	28	21¾	21⅛	21¼	-⅛
53¾	40⅞	York Int	0.36	0.8	21	675	47	46½	46¾	
5⅝	3	Zapata	0.14	4.0	9	54	3½	3½	3½	
25⅝	5⅞	ZenithE				1672	6⅝	6⅛	6⅝	+½
28⅝	21¾	Zenith Nat	1.00	3.7	38	49	27⅛	27⅛	27⅛	-⅛
7⅝	6½	Zweig Inc	0.72	10.5		90	7	6⅞	6⅞	
22⅞	15⅛	Zero	0.12	0.6	18	253	21¾	21⅝	21½	+⅛
22¾	16½	Zurn Ind	0.40	2.0	17	142	20¾	19½	20¼	+¾
11⅛	10½	Zweig Fund	1.08	10.2		212	10¾	10⅝	10⅝	
9	8¼	Zweig Totl	0.84	10.2		564	8⅝	8¼	8¼	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.
il-new yearly low. P/E price-earnings ratio. ds-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
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NASDAQ NATIONAL MARKET

4 pm close July 25

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AMEX PRICES

4 pm close July 25

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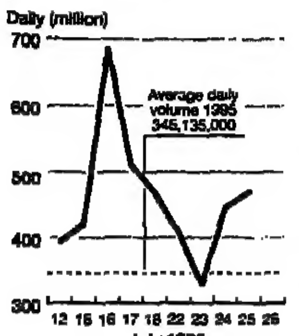
AMERICA

Healthy IBM brings buyers back into Dow

Wall Street

US share prices were sharply higher by midsession yesterday as a healthy earnings report from IBM helped to bring buyers back into the market, *writes Lisa Bransten in New York.*

At 1 pm, the Dow Jones Industrial Average was 51.04 higher at 5,405.73, due in large part to soaring shares of IBM. The more broadly based Standard & Poor's 500 added 4.86 at 631.51 and the American Stock Exchange composite was up 3.89 at 532.89.



Volume on the New York Stock Exchange came to 235m shares.

Shares in IBM, which is a component of the Dow, soared $10¼ at $101½ after the computer company reported second quarter earnings of $2.51 a share, 7 cents ahead of analysts' estimates.

That, combined with Wednesday's strong second quarter report from Compaq Computer, helped to restore faith in some parts of the technology sector, nearly all of which had been badly beaten down since the start of the month.

Compaq added $2⅝ to the $3 it rose on Wednesday, bringing the shares to $50⅝. IBM and Compaq were the two most actively traded shares on the NYSE at midsession.

Other components of the Dow to report yesterday included Boeing, which rose $1⅛ at $87 after reporting operating earnings 1 cent ahead of expectations, and Walt Disney, which added $⅜ at $54⅞ on earnings in line with analysts' estimates.

Among Nasdaq stocks, there were also signs of renewed interest in some technology shares as the index climbed 17.13 at 1,059.50.

By Wednesday, the Nasdaq was nearly 207 points off its all time high, recorded in early June.

Yesterday's gains in the technology sector came in spite of a gloomy third quarter forecast from US Robotics. Shares in the modem maker tumbled $10½ or 16 per cent to $55⅛ after the company reported stronger than expected second quarter earnings but said that it expected revenue growth to slow in the third quarter.

All four of the largest capitalisation shares on the Nasdaq, however, posted strong gains. Micorsoft climbed $2¼ at $117, Intel added $2⅜ at $71⅝, Cisco Systems was $⅝ stronger at $49⅞ and Oracle rose $1⅝ at $37⅞.

Canada

Toronto tracked the firmer Wall Street and the TSE-300 composite index was 24.72 higher by noon at 4,905.00 in volume of 30.9m shares.

Alcan Aluminium rose 50 cents to C$40.70 on news of its agreement to restructure its Asian operations with Nippon Light Metal. Under the deal, Nippon and Alcan will form a new company and Nippon will buy Alcan's stake in Toyo Aluminium.

Noranda was 10 cents weaker at C$26.40 on news of sharply lower second quarter net profits, attributed to weak commodity prices.

In the forestry sector, Avenor lost 50 cents to C$21.90 and Stone-Consolidated fell 15 cents to C$15.50; both reported weak second quarter earnings.

Canadian Pacific rose 75 cents to C$29.20.

Buenos Aires down 2.2%

Buenos Aires was 2.2 per cent lower at midsession on renewed speculation that Mr Domingo Cavallo's days as economy minister might be numbered, after reports of another row with President Carlos Menem.

The row, denied by government officials, was widely reported and fuelled speculation that Mr Cavallo may be on his way out after his unpopular social tax reforms two weeks ago. The Merval index was 11.88 down by midsession at 520.96. Losses of 4.8 per cent over the first three days of the week were attributed chiefly to Wall Street.

However, as the Dow and US treasuries rallied early in New York, Argentine Brady debt and ADRs nosedived on reports of the showdown.

MEXICO CITY turned back after a firm opening and, by noon, the IPC index was 4.23 weaker at 2,938.80. Televisa CPO fell 1.1 per cent to 93.80 pesos on weaker than expected second quarter profits.

S Africa industrials rebound

Renewed strength on Wall Street, combined with a technical rebound in the industrial sector, pushed Johannesburg broadly higher.

Brokers said that overseas investors were keen buyers of blue chip industrials, but that gold stocks suffered from late selling on a slip in the bullion price.

The overall index rose 27.1 to 6,655.7 and industrials added 53.1 to 7,872.7 while golds eased 3.7 to 1,744.8.

Foreign participation was said to be particularly evident in Sappi, the forest products concern, which gained 30 cents to R43.05 in comparatively hefty volume of 482,500 shares.

Other stocks in the industrial sector to enjoy attention included South African Breweries, up R2.25 to R123.25, and the construction and engineering group, Murray & Roberts, which climbed 45 cents to R17.00.

EUROPE

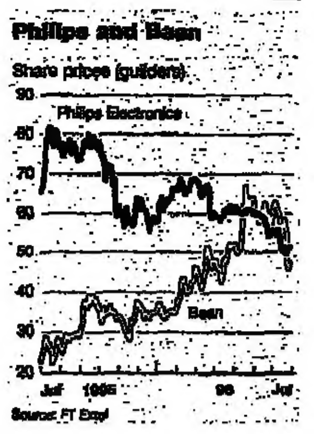
Mood in Philips swings from misery to hope

Misery turned to hope for Philips shareholders, and all within one session. In the morning, the electronics group hit an early low of Fl 45.50, down 6 per cent on virtually halved second quarter net profits from normal operations; in the afternoon it closed 6 per cent higher, up Fl 2.90 at Fl 51.30 after the group said that it would cut 6,000 jobs at its Sound & Vision business over the next 18 months.

The broad AMSTERDAM market produced the best result of the day, the AEX index closing 10.81, or 2.1 per cent higher at 523.61. Financials were boosted by strength in world bond markets on positive US economics figures, ABM Amro putting on Fl 1.60 at FL 83.80, and Amev Fl 2.10 at Fl 46.60.

However, an earlier outperformer, the software group, Baan, produced only a minor recovery in spite of excellent results from its bigger German competitor, SAP. Baan shares rose Fl 1.70 to Fl 47.60 but they had dropped Fl 9.40, or 17 per cent on Wednesday after a US broker downgrade.

FRANKFURT was subdued in spite of excellent half year figures from Commerzbank and SAP, and in spite of recent overweight recommendations: for the broad market, from James Capel, which maintained its bullish stance; and, for the banking sector, after four years of underperformance, from Merck Finck and from CS First Boston.



The Dax index rose 5.38 to an Ibis-indicated 2,464.51, turnover easing from DM8bn to DM7.4bn. Commerzbank put on 80 pfg at DM334.80 after a 47 per cent lift in half year profits; and SAP recovered a third of Wednesday's DM10.50 loss, closing DM3.50 higher at DM211 although its 60 per cent profits growth rate exceeded concensus estimates by some 10 percentage points, said Mr Eckhard Frahm at Merck Finck.

The Bundesbank's decision to leave key interest rates unchanged, said Mr Frahm, was less of a depressant than the intraday fall in the dollar, and the rise of the D-Mark against other customer currencies, both yesterday and over the last 10 days.

However, the Düsseldorf broking house still thought that the Dax could hit the 2,700 to 2,750 range later this year; that a 2 per cent rise in the dollar could do the trick; and that takeover speculation would lift the banking sector after Deutsche Bank's announcement that it holds a 5.21 per cent stake in Bayerische Vereinsbank.

PARIS saw another series of block trades, and turnover stayed high at FFr8.87bn. Otherwise, the first day of the new account celebrated gains on Wall Street, and the CAC-40 index closed 20.57 higher at 1,974.67.

Docks de France, the retailer, accounted for FFr4.12bn of the turnover figure as it came back from suspension FFr48 higher at FFr1,270, matching the raised bid from Auchan.

Lagardere extended its run, leading the key index with a gain of FFr5.80, or 4.8 per cent to FFr126.30, after a high of FFr130 on news that the British and French defence ministries had awarded the Storm Shadow cruise missile order to the group's Matra subsidiary, and to BAe Dynamics.

Remy Cointreau came off the bottom, rising FFr2 to FFr130.10 ahead of its delayed results next week. Cap Gemini, the information techology group, soared FFr13.90, or 7.1 per cent to FFr210.50 on a report that Daimler-Benz's Debis unit wanted to obtain majority control.

ZURICH staged a rebound, recouping more than half of Wednesday's dive, as investors shrugged off the weaker dollar and were instead prompted by this week's falls to begin bargain hunting. The SMI index picked up 54.8 to 3,537.4.

Roche certificates, which fell almost 4 per cent on Wednesday, recouped SFr145 to SFr8,925.

Banks also continued to move back into the limelight ahead of the interim results season next month. UBS advanced SFr20 to SFr1,185, CS Holding gained SFr2.50 to SFr126 and SBC added SFr1.25 to SFr228.75.

The more positive tone spilled over to the insurers, which were led up by a SFr18 rise to SFr1,209 in Swiss Re.

Nestlé continued along its recently more positive route, rising SFr24 to SFr1,884.

SMH was SFr19 higher at SFr807. Goldman Sachs, which reinitiated coverage of the stock with a market outperformer recommendation, estimated a 12 month total return of about 10 per cent.

Interdiscount, the troubled electronics retailer, continued its recent recovery, jumping SFr8, or 15 per cent, to SFr23; last week, the company said that it could avoid seeking legal protection from creditors by selling its French activities, and a majority stake in Porst Holding to Belgium's Spector group.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Jul 25 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1598.81	1598.29	1599.41	1600.05	1597.52	1598.48	1597.25	1598.08
FT-SE Eurotrack 200	1653.32	1651.16	1651.92	1652.47	1647.75	1650.36	1652.17	1650.66

	Jul 24	Jul 23	Jul 22	Jul 19	Jul 18
FT-SE Eurotrack 100	1599.46	1615.92	1618.05	1638.47	1631.33
FT-SE Eurotrack 200	1643.51	1665.99	1661.06	1680.59	1671.28

Base value 1000 (26/10/90); High/day: 100 - 1601.26; 200 - 1655.53 Low/day: 100 - 1594.48 200 - 1645.54 † Partial.

MILAN was unable to shake off Wednesday's gloomy response to the long awaited interest rate cut and the day's further speculative selling was attributed to weak bonds and easier lira.

The Comit index lost 4.05 to 605.22 while the real-time Mibtel index closed near its low for the day, down 107 at 9,742.

Among blue chips regarded as proxies for the Italian market, Eni lost L108 to L6,583 and Fiat was L58 down at 4,665. The telecommunications sector, also widely held by foreign investors, saw Telecom Italia L69 weaker at L2,915.

Olivetti, however, managed to close with a gain of L1.3 at L758.6, after falling to an early L736 as second quarter results on its personal computer operations raised doubts about full year figures.

Mediaset, which had been on a downward path for the previous four sessions, bounced L154 to L7,003, taking it back just above its L7,000 offer price.

MADRID's banks were the centre of attention as the general index rose 2.66 to 354.03. BCH rose Pta65, or 2.7 per cent to Pta2,490 ahead of better than expected first half profits, which appeared after hours; but Argentaria lost Pta105, or 2.1 per cent to Pta4,945 on initial reactions to its own progress report.

DUBLIN took its tone from the firm London and New York markets and the ISEQ index picked up 19.24 to 2,414.46. Among the financials, AIB rose 6p to 323p and Bank of Ireland collected 5p to 415p.

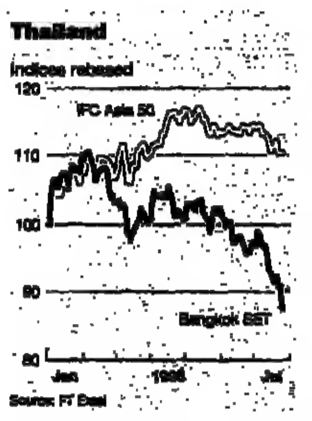
Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

Economic concerns prompt 2.2% tumble in Bangkok

There was more grief for BANGKOK yesterday as the Bank of Thailand revised down expected GDP growth for the year from 8.3 to 7.8 per cent, revised the expected current account deficit upwards and lifted its inflation forecast from 4.9 to 5.5 per cent.

The SET index finished 25.02, or 2.2 per cent lower at a 33-month low of 1,118.96 in moderate turnover of Bt5.1bn. The expectation of poor second quarter earnings continued to haunt the market. The finance, energy and banking shed 2.7, 2.4 and 2.0 per cent respectively.



Tokyo

Wall Street's recovery from early lows encouraged investors and the Nikkei average, which posted its largest fall of the year on Wednesday, rebounded by 1.3 per cent, *writes Emiko Terazono in Tokyo.*

The 225 index rose 252.81 to 20,883.84 after trading between 20,638.16 and 20,978.80. Investment trusts placed index-linked buying orders while small lot bargain hunting by domestic institutions also supported share prices.

Volume totalled 348m shares against 273m. The Topix index of all first section stocks rose 8.73 to 1,590.44 and the Nikkei 300 by 2.08 to 293.98. Advances led declines by 612 to 424 with 185 unchanged.

In London, the ISE/Nikkei 50 index rose 1.51 to 1,401.73.

Overseas investors, who had been taking profits over the past few weeks due to the volatility on Wall Street, remained sellers. Net trading figures released by the Tokyo stock exchange yesterday highlighted recent activity by foreigners. Foreigners' net selling during the week of July 15 totalled Y107.8bn, up from Y8.3bn a week before.

Traders said that the overseas selling was led by US mutual fund managers and European pension funds, which unloaded international blue chips including Toyota Motor, Hitachi and Toshiba.

Technologies closed higher. Hitachi gained Y10 to Y980, Toshiba Y3 to Y718 and NEC Y20 to Y1,100. Car stocks also gained ground. Toyota Motor rose Y30 to Y2,470 and Honda Motor added Y40 to Y2,530.

Financials were supported as fears of rising interest rates receded. Banks were steady with Industrial Bank of Japan up Y10 to Y2,410 and Dai-Ichi Kangyo Bank adding Y20 to Y1,810. Brokers, which had been battered by the recent sluggishness in daily trading volumes, picked up. Nomura Securities gained Y20 to Y1,880 and Daiwa gained Y30 to Y1,270.

Steels inched up on active trading. Nippon Steel, the most active issue of the day, rose Y1 to Y339.

In Osaka, the OSE average rose 42.38 to 22,015.73 in volume of 26.6m shares.

Roundup

Heavy selling was seen in KARACHI as political worries emerged after 14 opposition parties accused the government of misrule and called for new elections under a neutral administration. The KSE-100 index lost 35.44 at 1,489.46.

BOMBAY made a spirited early effort to move ahead after the sharp losses of the previous two sessions, but late profit-taking wiped out the gains and the BSE-30 index finished 22.78 lower at 3,559.78.

KUALA LUMPUR was under pressure from rumours of a sharply higher trade deficit in May and stories, subsequently denied, that the Malaysian prime minister was seriously ill. The composite index finished 3.49 lower at 1,092.82, but up from an intraday low of 1,089.67.

SEOUL was weak on a downbeat economic growth forecast from the Korea Development Institute and and the composite index lost 12.19 at 820.29.

Samsung Electronics spearheaded falls in the blue chips, falling Won2,500 to Won70,000 while Posco, the steelmaker, lost Won600 to Won50,200.

LG Electronics fell Won600 to Won15,700 with a sharp rise in its forthcoming interim earnings already discounted.

TAIPEI saw most of its foreign fund favourites lower as the weighted index ended 61.67 lower at 6,034.07 in turnover of T$35.11bn. United Microelectronics fell 80 cents to T$33.50 and China Steel by 40 cents to T$26.10.

The fall came in spite of news that Dow Jones had increased the weighting of Taiwan's stock index in its world index to 0.3 per cent from 0.24 per cent, and in its Asia-Pacific index to 1.0 per cent from 0.77 per cent.

MANILA saw tentative buying after Wednesday's 3 per cent drop, the composite index rising 11.89 to 3,087.25.

Sime Darby Pilipinas, a unit of the eponymous Malaysian conglomerate, leapt 2.50 pesos, or 11.4 per cent to 24.50 on speculation it that it would soon announce diversification from tyre-making into other fields, perhaps real estate.

HONG KONG spent an uncertain session as Wall Street's volatility kept investors sidelined. The Hang Seng index rose just 7.11 to 10,706.97, after Wednesday's 165 point slide, in turnover that dipped to HK$3.3bn.

SINGAPORE remained depressed by a lack of buyers and the Straits Times Industrials index fell 9.75 to 2,127.38, off the day's high at 2,153.61.

Blue-chip bank and property stocks rose marginally but in thin volume. Both UOB Foreign and OCBC Foreign ended up 20 cents at S$12.60 and S$16.20 respectively.

SHANGHAI's hard currency B share index picked up 1.1 per cent, reflecting a strong performance by Shanghai Lujiazui Finance. The index was 0.544 higher at 51.112 as Lujiazui rose 1 cent to 80 cents.

The local currency A index lost 2.3 per cent on news that the China Securities Regulatory Commission had issued new regulations on interim earnings, including a clause to prevent listed companies from giving over-generous returns to investors.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 24 1996								TUESDAY JULY 23 1996					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (80)	191.69	-1.1	182.85	130.93	148.28	161.24	-1.1	4.47	193.81	185.28	132.28	150.10	162.96	212.18	177.99	180.85
Austria (24)	176.64	-3.8	158.50	120.61	136.62	136.56	-0.9	2.08	177.99	170.15	121.46	137.95	137.79	198.52	168.11	196.67
Belgium (27)	206.93	-1.0	197.34	141.26	160.00	156.47	-1.1	4.26	208.94	199.74	142.58	161.82	158.21	215.81	186.06	198.47
Brazil (28)	174.37	-2.3	166.33	119.06	134.86	323.72	-2.2	2.01	178.45	170.57	121.76	138.19	330.90	189.70	123.97	139.94
Canada (120)	154.12	-0.7	147.01	105.23	119.20	153.11	-0.7	2.34	155.21	148.37	105.91	120.20	154.12	165.12	134.14	147.98
Denmark (30)	303.46	-1.5	289.47	207.21	234.71	236.81	-1.6	1.94	308.02	294.46	210.19	238.55	240.66	309.34	276.89	285.50
Finland (23)	186.67	-2.7	173.06	127.46	144.38	177.25	-2.8	2.82	191.83	183.39	130.91	146.57	182.29	276.11	171.73	256.87
France (35)	186.34	-1.3	179.32	127.64	144.58	147.76	-1.4	3.26	189.42	181.08	129.26	146.70	149.82	198.39	167.70	187.99
Germany (59)	168.70	-0.8	160.92	115.19	130.47	130.47	-0.9	1.90	170.02	162.53	116.02	131.67	131.67	174.38	155.66	164.89
Hong Kong (59)	412.56	-1.6	393.01	281.97	319.30	410.01	-1.6	3.49	419.82	401.33	286.48	325.14	416.69	451.19	346.81	365.69
Indonesia (27)	200.88	-1.7	191.61	137.15	155.36	287.09	-1.7	1.59	204.43	195.43	139.50	158.33	291.96	-	-	-
Ireland (16)	270.08	-0.9	257.62	184.41	208.89	235.75	-1.2	3.64	272.84	260.64	186.05	211.16	238.61	290.82	235.88	241.22
Italy (58)	76.63	-2.2	73.09	52.32	59.27	86.82	-1.9	2.55	78.32	74.87	53.44	60.66	88.55	84.53	67.22	79.08
Japan (481)	146.50	-1.8	139.74	100.03	113.31	100.03	-1.8	0.76	149.24	142.67	101.84	115.58	101.84	164.68	137.75	152.88
Malaysia (107)	541.37	-1.4	516.41	369.65	418.71	518.68	-1.4	1.73	548.88	524.71	374.55	425.09	526.05	585.09	426.77	538.01
Mexico (18)	1127.55	-2.1	1075.56	763.30	872.08	9389.63	-1.9	1.41	1151.54	1100.83	785.80	891.84	9570.53	1325.65	791.99	1195.32
Netherland (19)	279.89	-2.1	266.98	191.11	216.47	213.38	-2.2	3.38	285.91	273.32	195.10	221.43	218.09	299.69	245.79	263.49
New Zealand (15)	81.64	1.0	77.87	55.74	63.14	62.28	0.6	4.36	80.82	77.26	55.15	62.59	61.89	94.71	75.94	83.71
Norway (35)	246.75	-1.8	235.37	168.42	190.84	214.18	-1.7	2.11	250.72	239.68	171.09	194.17	217.85	258.94	222.24	239.57
Philippines (22)	201.54	-3.1	192.24	137.61	155.88	263.04	-3.1	0.62	208.07	198.91	141.98	161.14	271.52	-	-	-
Singapore (44)	386.36	-1.4	368.55	263.81	298.83	252.19	-1.5	1.51	391.75	374.50	267.33	303.40	255.99	465.21	356.81	365.54
South Africa (44)	338.83	-1.9	323.21	231.35	262.06	327.63	-2.1	2.26	345.48	330.26	235.75	267.56	334.59	437.78	338.83	345.10
Spain (37)	173.60	-1.4	165.63	118.54	134.27	165.64	-1.5	3.52	176.04	168.29	120.13	136.34	168.21	183.85	145.15	164.35
Sweden (48)	334.35	-1.9	318.93	228.30	258.60	324.59	-2.3	2.83	340.91	325.90	232.64	264.03	332.10	390.77	280.13	284.83
Switzerland (37)	233.95	-3.1	223.16	159.74	180.95	175.82	-3.2	1.69	241.48	230.86	164.79	187.03	181.58	262.34	181.24	202.79
Thailand (45)	152.20	-2.0	145.18	103.92	117.71	149.27	-2.1	2.21	155.37	148.53	106.03	120.33	152.46	193.95	146.74	174.22
United Kingdom (199)	231.01	-0.9	220.30	157.74	178.67	220.36	-1.1	4.26	233.05	222.78	159.03	180.49	222.78	237.48	218.52	221.87
USA (626)	254.79	-0.1	243.04	173.97	197.06	254.79	-0.1	2.31	255.01	243.78	174.02	197.50	255.01	276.47	226.74	226.99
Americas (792)	233.09	-0.2	222.34	159.15	180.26	136.02	-0.1	2.31	233.45	223.17	159.30	180.80	196.31	252.43	208.19	208.34
Europe (708)	204.71	-1.4	195.27	139.78	158.33	176.31	-1.6	3.21	207.65	198.50	141.70	160.82	179.08	213.30	189.33	185.86
Nordic (138)	291.45	-1.9	279.01	199.00	225.42	248.33	-2.2	2.48	297.13	284.05	202.76	230.12	253.81	308.81	261.13	275.56
Pacific Basin (880)	159.02	-1.8	151.09	108.58	122.99	110.80	-1.7	1.24	161.85	154.72	110.45	125.35	112.73	177.01	146.66	163.13
Euro-Pacific (1588)	177.34	-1.6	169.74	121.50	137.63	135.60	-1.6	2.18	180.62	172.66	123.39	140.04	137.65	190.57	166.51	176.66
North America (746)	248.65	-0.1	237.18	169.79	192.31	248.05	-0.1	2.32	248.94	237.98	169.87	192.80	248.34	269.52	221.79	222.10
Europe Ex. UK (509)	185.65	-1.7	177.09	126.76	143.59	150.91	-1.8	2.64	188.88	180.56	128.89	146.28	153.67	194.86	169.65	177.19
Pacific Ex. Japan (399)	274.69	-1.4	262.22	187.70	212.61	236.39	-1.4	3.10	278.77	266.49	190.23	215.90	240.39	298.66	243.59	260.80
World Ex. US (1798)	179.10	-1.6	170.84	122.29	138.52	139.38	-1.6	2.18	181.96	173.94	124.17	140.92	142.26	191.55	167.36	177.52
World Ex. UK (2225)	199.58	-1.0	190.37	136.27	154.36	168.31	-1.0	2.03	201.52	192.65	137.52	156.07	169.65	213.06	185.61	189.84
World Ex. Japan (1943)	233.10	-0.7	222.35	159.16	180.29	219.61	-0.7	2.67	234.73	224.40	160.18	181.79	221.24	247.55	212.82	215.07
The World Index (2424)	202.32	-1.0	193.00	138.15	156.48	173.02	-1.0	2.24	204.28	195.28	139.40	158.21	174.73	214.95	188.46	192.46

CONSTITUENT CHANGES WITH EFFECT 26/7/96: Deletions Hemlo Gold (Canada) and Pollet (France). Latest prices were unavailable for this edition.